

# Disciplinary and Other FINRA Actions

## Firms Fined

### **Katalyst Securities LLC (CRD® #112494, Astoria, New York)**

August 1, 2017 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while failing to maintain its required minimum net capital on several occasions, resulting from the firm's failure to treat rent and commissions as firm liabilities. The findings stated that the firm prepared an inaccurate net capital computation, general ledger and trial balance for the period ending October 31, 2015, and prepared an inaccurate Financial and Operational Combined Uniform Single (FOCUS) Report for the period ending December 31, 2015. ([FINRA® Case #2016047628301](#))

### **United First Partners LLC (CRD #155456, New York, New York)**

August 2, 2017 – An AWC was issued in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain its electronic communications in the manner required under Securities and Exchange Commission (SEC) and FINRA rules. The findings stated that from February 2013 through July 2013, the firm used electronic storage media to retain its firm-domain emails. During this time, the firm's servers became disconnected from its email retention vendor, preventing regular journaling of its firm-domain emails to the firm's retention system. The emails of any firm employees who double-deleted or otherwise altered firm-domain emails were not maintained in a non-rewritable, non-erasable format, known as WORM. As a result of the above issues, the firm failed to ensure that approximately 15 percent of its firm-domain emails were retained in a manner that is consistent with SEC and FINRA requirements. Later in 2013, the firm experienced another disconnection between its servers and its new email retention vendor. From December 2013 through February 2014, the emails of any firm employees who double-deleted or otherwise altered firm-domain emails were not maintained in WORM format.

The findings also stated that from February 2012 through March 2014, the firm failed to maintain evidence of any principal review of its electronic correspondence. Additionally, from June through August 2015, the firm failed to maintain evidence of any principal review of Bloomberg emails and Bloomberg instant messages. During that period, the firm had in place an electronic spreadsheet to evidence its review of the emails and instant messages, but failed to use that spreadsheet during those months. ([FINRA Case #2016047641301](#))

## Reported for October 2017

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).

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**FSC Securities Corporation ([CRD #7461](#), Atlanta, Georgia)**

August 10, 2017 – An AWC was issued in which the firm was censured, fined \$100,000, and ordered to pay \$492,485.33 in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed approximately 6,500 purchases of leveraged, or inverse, or both inverse and leveraged exchange-traded funds (non-traditional ETFs) in approximately 1,400 retail customer accounts without establishing and maintaining a supervisory system, including written procedures, reasonably designed to ensure that the firm’s offering of non-traditional ETFs complied with NASD® and FINRA rules. The findings stated that non-traditional ETFs have certain risks that are not associated with traditional ETFs or equities. The firm’s general supervisory system was not sufficiently tailored to address the unique features and risks involved with these products. Those purchases were worth approximately \$92 million and generated approximately \$603,000 in commissions. The findings also stated that the firm allowed registered representatives to recommend non-traditional ETFs without establishing a reasonable supervisory system or written supervisory procedures (WSPs) specifically addressing these products. While the firm prohibited the offering of certain kinds of non-traditional ETFs, it allowed the offering of other kinds of non-traditional ETFs to continue without implementing a reasonable system and written procedures to supervise those offerings. During most of the relevant period, the firm did not have exception reports or any alerts in the firm’s electronic trade review system that addressed the risks posed by non-traditional ETFs. Moreover, the firm failed to monitor non-traditional ETF holding periods.

The findings also included that the firm, by and through its registered representatives, recommended non-traditional ETFs to customers without fully understanding the features and risks associated with those products. The firm allowed its registered representatives to make unsuitable recommendations of non-traditional ETFs to many customers with conservative and moderate investment objectives and risk tolerances, some of whom were elderly. Moreover, many of those customers held the investments over extended periods of time, and they sustained losses of \$492,485. The firm failed to perform any reasonable-basis suitability analysis of non-traditional ETFs. ([FINRA Case #2010024620303](#))

**Paulson Investment Company LLC ([CRD #5670](#), Chicago, Illinois)**

August 15, 2017 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it was in violation of its Membership Agreement with FINRA as a result of operating more offices than permitted under that agreement. The findings stated that before opening those offices, the firm did not submit a continuing membership application seeking to modify the restriction in the Membership Agreement limiting the firm to eight offices. The firm also failed to register three locations as branch offices. ([FINRA Case #2016047943601](#))

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

August 17, 2017 – An AWC was issued in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report 22,592 repo transactions effected in municipal securities to the Real-Time Reporting System (RTRS). The findings stated that the supervisory system on the desk responsible for effecting the relevant repo transactions did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Municipal Securities Rulemaking Board (MSRB) rules, concerning the reporting of transactions in municipal securities. ([FINRA Case #2016049381801](#))

**Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California)**

August 18, 2017 – An AWC was issued in which the firm was censured and fined \$110,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it engaged in trading unit aggregation but failed to ensure that individual traders were assigned to only one aggregation unit (AGU) at any time. The findings stated that the firm failed to ensure that AGUs had operated autonomously and engaged in separate trading strategies without regard to other trading units, and that AGUs had not coordinated trading activities, interacted, or shared order or position information.

The findings also stated that the firm employed four individuals who acted as both a trader in one AGU and as a trader or supervisor in another AGU, including two individuals who served in such dual capacities. Such an arrangement is improper because it could result in the coordination of trading strategies or trading based upon position or trading information of the other AGU. The firm failed to provide adequate supervision to monitor for compliance with Rule 200(f) of Regulation SHO requiring a firm to aggregate all of its positions in a security unless it qualifies for independent trading unit aggregation. Aggregation of a unit's independent net position prior to each sale limits the potential for abuse associated with coordination among units. The firm's written plan of organization reflected unclear strategies, strategies that overlapped for multiple AGUs, and traders that also acted as traders or supervisors in other AGUs. The firm also lacked adequate WSPs and supporting documentation reflecting its creation and approval of AGUs and its supervision of traders. The findings also included that the firm transmitted reports that contained inaccurate, incomplete, or improperly formatted data to the Order Audit Trail System (OATS™), failed to report non-market making proprietary orders to OATS and erroneously submitted post-trade allocations as reportable order events to OATS.

FINRA found that the firm failed to provide written notification disclosing to its customer that a transaction was executed by the firm at an average price, that transaction details were available upon request, and/or its capacity in the transaction. FINRA also found that the firm inaccurately marked short sell orders as long. In addition, FINRA determined that the firm accepted a short sale order in an equity security from another person, or effected

a short sale in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2014039939801](#))

**Deutsche Bank Securities Inc. ([CRD #2525](#), New York, New York)**

August 21, 2017 – An AWC was issued in which the firm was censured and fined \$32,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report transactions that required an .RX modifier to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) by 8:00 p.m. Eastern Time. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations, and FINRA rules, concerning the reporting of physically settled over-the-counter (OTC) options exercises to the FNTRF. ([FINRA Case #2014040946501](#))

**Western International Securities, Inc. ([CRD #39262](#), Pasadena, California)**

August 21, 2017 – An AWC was issued in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report municipal securities transactions to the MSRB’s RTRS in the manner prescribed by the MSRB. The findings stated that the firm inaccurately included a commission charge for each of these transactions even though they were submitted as principal trades. As a result, the transaction reports the firm submitted for these transactions were rejected, and the trades were not reported to the MSRB. The findings also stated that the firm failed to adopt, maintain and enforce WSPs that were reasonably designed to ensure compliance with the firm’s municipal securities trade reporting obligations. The firm’s procedures failed to provide for how trade reporting would be monitored for compliance with MSRB Rule G-14, including the steps necessary to review for inaccurate reports and to ensure that any inaccurate reports are corrected so that the firm’s transactions are correctly reported to the MSRB. ([FINRA Case #2015043253001](#))

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

August 22, 2017 – An AWC was issued in which the firm was censured; fined \$500,000; and ordered to pay \$103,219.25, plus interest, in restitution to investors. FINRA has not imposed undertakings in this matter because the firm has addressed the supervisory and training deficiencies FINRA identified during its reviews. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it routinely failed to show the correct order receipt time and/or execution on brokerage order memoranda for trades in National Market System (NMS) stock executed through the firm’s “verbal trade” process by its preferred securities trading desk. The findings stated that the firm routinely failed to report the correct execution time to the FINRA Trade Reporting Facility® (TRF®) for trades in NMS stocks executed through the firm’s “verbal trade” process by its preferred

securities trading desk. In addition, the firm failed to transmit such trades to the TRF within the time required by FINRA Rule 7230A. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, concerning recording order receipt time and execution time, trade reporting, and best execution requirements as they pertain to NMS preferred securities.

The findings also stated that the firm failed to contemporaneously or partially execute customer orders in OTC securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, concerning FINRA Rule 5320 (trading ahead) as it pertains to executed and unexecuted orders in OTC preferred securities. The findings also included that in transactions for or with a customer in preferred securities, the firm 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 firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, concerning best execution requirements as they pertain to new issue non-convertible preferred OTC securities.

FINRA found that the firm failed to execute orders in preferred securities fully and promptly, and in some of those instances, 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. ([FINRA Case #2012034714701](#))

**Hennion & Walsh, Inc. ([CRD #25766](#), Parsippany, New Jersey)**

August 23, 2017 – An AWC was issued in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it recommended and sold municipal bonds in transactions to retail customers in dollar amounts below the applicable minimum denomination. The findings stated that on all but two of those occasions, the trade confirmations did not disclose to the customer that the amount of the transaction was being effected below the minimum denomination. The firm also recommended and sold bonds in transactions to customers who were not qualified institutional buyers (QIBs), even though the official statements for these bonds stated that they were eligible for sale only to QIBs. The findings also stated that the firm's WSPs prohibited the sale of bonds below the minimum denomination (absent circumstances not present here), and required periodic reviews to ensure compliance with this and other MSRB rules. However, the firm did not have adequate systems or controls in place to detect and monitor sales below the minimum denomination or to ineligible purchasers, and therefore did not perform any reviews specific to minimum denomination or bonds with QIB restrictions. ([FINRA Case #2015043155601](#))

**City National Securities, Inc. ([CRD #103705](#), Beverly Hills, California)**

August 24, 2017 – 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 failed to supervise certain of its registered representatives to ensure their compliance with FINRA rules relating to outside business activities, private securities transactions and outside accounts. The findings stated that that the firm’s WSPs failed to include any procedures about how and to whom employees’ outside business activity requests should be submitted for review and evaluation. Nor did the firm update its WSPs to reflect the requirements of the Supplemental Material of FINRA Rule 3270 that relates to the obligations of member firms receiving an outside business activity notice. In addition, at least one of the firm’s Office of Supervisory Jurisdiction managers did not know the procedure for evaluating or who evaluated outside business activities on the firm’s behalf. The findings also stated that the firm’s WSPs reminded associated persons that it is a serious violation of FINRA rules for a registered representative to sell a security other than through the firm with which they are registered. The WSPs, however, focused only on private securities transactions involving the firm’s customers. The firm’s WSPs did not address private securities transactions not involving the firm’s customers, even though dually registered firm representatives had investment advisory customers who were not also firm customers. The findings also included that the firm’s WSPs failed to address aspects of compliance with NASD Rule 3050, including that a representative must provide written disclosure to the firm prior to opening an outside brokerage account, placing an initial order or promptly after becoming associated with the firm, and must also disclose his or her association with the firm to the outside brokerage firm.

FINRA found that although the firm was aware that a registered representative—who was employed by its affiliated registered investment advisor—was engaging in outside business activities, held outside brokerage accounts through those outside entities, and was engaging in private securities transactions through at least one of those outside entities (an investment fund), the firm did not ensure that he properly disclosed those outside business activities, private securities transactions or outside brokerage accounts. The firm failed to adequately review or evaluate this representative’s outside business activities, failed to supervise the activity in some of the outside brokerage accounts and the private securities transactions, failed to record the private securities transactions on the firm’s books and records, and failed to identify and follow up on items that should have warranted further scrutiny of the representative’s activities. The representative engaged in extensive outside business activities through the investment fund, but he did not provide the firm adequate written notice of the investment fund. The representative also failed to list the investment fund as an outside business activity on his Uniform Application for Securities Industry Registration or Transfer (Form U4). ([FINRA Case #2014043089901](#))

**Consolidated Financial Investments, Inc. ([CRD #18810](#), Clayton, Missouri)**

August 24, 2017 – An AWC was issued in which the firm was fined \$15,000. A lower fine was imposed after considering, among other things, the firm’s revenues and other factors relating to its size. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it knew that a registered person was engaging in an outside business activity that involved investments, but did not properly evaluate that activity. The findings stated that when the registered person began associating with the firm, he notified the firm in writing about his outside business activity, which involved helping foreign citizens obtain United States visas through the federal government’s EB-5 program. The firm did not determine whether the registered person’s outside business activity should be treated as an outside securities transaction, prohibited or limited. The firm generally required its associated persons to update their disclosures of outside business activities annually, but did not require this individual to do so with respect to his activity involving the EB-5 program. ([FINRA Case #2016048239901](#))

**Firms Sanctioned****Cetera Financial Specialists LLC ([CRD #10358](#), Schaumburg, Illinois)**

August 21, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales-charge waiver. As part of this settlement, the firm agreed to pay restitution to eligible customers, which is estimated to total approximately \$572,260 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions.

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 who 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.

Many mutual funds waive the up-front sales charges associated with Class A shares for certain retirement plans and/or charitable organizations. Some of the mutual funds available on the firm’s retail platform offered such waivers and disclosed those waivers in their prospectuses. Notwithstanding the availability of the waivers, the firm failed to apply the waivers to mutual fund purchases made by eligible customers, and instead sold them 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged by approximately \$501,922 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016050259101](#))

**Cetera Investment Services LLC ([CRD #15340](#), St. Cloud, Minnesota)**

August 21, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, an applicable mutual fund sales-charge waiver. As part of this settlement, the firm agreed to pay restitution to eligible customers, which is estimated to total approximately \$1,391,325 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. 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 who 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.

Many mutual funds waive the up-front sales charges associated with Class A shares for certain retirement plans and/or charitable organizations. Some of the mutual funds available on the firm's retail platform offered such waivers and disclosed those waivers in their prospectuses. Notwithstanding the availability of the waivers, the firm failed to apply the waivers to mutual fund purchases made by eligible customers and instead sold them 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales-charge waivers. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors

in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$1,220,192 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016050259201](#))

**First Allied Securities, Inc. ([CRD #32444](#), San Diego, California)**

August 21, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, an applicable mutual fund sales-charge waiver. As part of this settlement, the firm agreed to pay restitution to eligible customers, which is estimated to total approximately \$876,915 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. 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.

Many mutual funds waive the up-front sales charges associated with Class A shares for certain retirement plans and/or charitable organizations. Some of the mutual funds available on the firm's retail platform offered such waivers and disclosed those waivers in their prospectuses. Notwithstanding the availability of the waivers, the firm failed to apply the waivers to mutual fund purchases made by eligible customers and instead sold them 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales-charge waivers. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available

sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$769,054 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016050259301](#))

**Girard Securities, Inc. ([CRD #18697](#), San Diego, California)**

August 21, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, an applicable mutual fund sales-charge waiver. As part of this settlement, the firm agreed to pay restitution to eligible customers, which is estimated to total approximately \$102,765 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. 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.

Many mutual funds waive the up-front sales charges associated with Class A shares for certain retirement plans and/or charitable organizations. Some of the mutual funds available on the firm's retail platform offered such waivers and disclosed those waivers in their prospectuses. Notwithstanding the availability of the waivers, the firm failed to apply the waivers to mutual fund purchases made by eligible customers and instead sold them 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales-charge waivers. 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 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 \$90,125 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016050259401](#))

**Summit Brokerage Services, Inc. ([CRD #34643](#), Boca Raton, Florida)**

August 21, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, an applicable mutual fund sales-charge waiver. As part of this settlement, the firm agreed to pay restitution to eligible customers, which is estimated to total approximately \$356,915 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions.

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 who 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. Many mutual funds waive the up-front sales charges associated with Class A shares for certain retirement plans and/or charitable organizations. Some of the mutual funds available on the firm's retail platform offered such waivers and disclosed those waivers in their prospectuses. Notwithstanding the availability of the waivers, the firm failed to apply the waivers to mutual fund purchases made by eligible customers and instead sold them 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales-charge waivers. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$313,014 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016050260001](#))

## Individuals Barred

### **Ralph Villanueva Villavicencio** ([CRD #4206187](#), Kirkland, Washington)

August 2, 2017 – An AWC was issued in which Villavicencio was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Villavicencio 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 regarding his acceptance of a gift from a customer at his member firm. ([FINRA Case #2016051411501](#))

### **James Vincent Marino** ([CRD #6192459](#), Davie, Florida)

August 4, 2017 – An AWC was issued in which Marino was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Marino 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 allegations against Marino related to his acceptance of gifts totaling approximately \$20,500 and use of a client's credit card for his own benefit in the amount of approximately \$6,700. ([FINRA Case #2016052079001](#))

### **Bryan Christopher Lightsey** ([CRD #4472767](#), West Palm Beach, Florida)

August 8, 2017 – An AWC was issued in which Lightsey was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lightsey consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony in connection with an inquiry into the circumstances surrounding his discharge from his member firm. ([FINRA Case #2016048719203](#))

### **Shelley Steuer Freeman** ([CRD #1262649](#), Fort Lauderdale, Florida)

August 9, 2017 – An AWC was issued in which Freeman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Freeman consented to the sanction and to the entry of findings that she failed to provide FINRA with requested documents and information. ([FINRA Case #2017053680101](#))

### **Keith Dwayne McGregory** ([CRD #2217000](#), Chicago, Illinois)

August 9, 2017 – An AWC was issued in which McGregory was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McGregory consented to the sanction and to the entry of findings that he converted more than \$27,000 of his member firm's funds by utilizing the firm's corporate card for personal expenses after his resignation from the firm. The findings stated that pursuant to a FINRA Dispute Resolution Award following a contested hearing, McGregory was ordered to pay damages to the firm for his personal charges on the firm's corporate credit card.

The findings also stated that McGregor willfully failed to amend his Form U4 to timely and accurately report two bankruptcies and to timely report one judgment. McGregor furthermore made inaccurate disclosures on his Form U4 regarding the bankruptcies. McGregor completed compliance questionnaires for his firm falsely indicating that he had not filed for any voluntary bankruptcy which had not been reported to the firm. ([FINRA Case #2014039737601](#))

**Kerbye Arthur ([CRD #6440268](#), Greenacres, Florida)**

August 10, 2017 – An AWC was issued in which Arthur was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Arthur consented to the sanction and to the entry of findings that she failed to provide FINRA with requested documents and information relating to her former member firm filing a Uniform Termination Notice for Securities Industry Registration (Form U5) indicating that she had voluntarily resigned after allegations that she had made inaccurate statements on a mortgage gift letter she signed in connection with another associated person's mortgage application. ([FINRA Case #2015047023302](#))

**George Jeffrey Dahl ([CRD #59820](#), Laguna Woods, California)**

August 10, 2017 – An AWC was issued in which Dahl was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dahl consented to the sanction and to the entry of findings that he refused to provide testimony during a FINRA on-the-record interview. ([FINRA Case #2017053631301](#))

**Paul Vincent Blum ([CRD #735003](#), Jupiter, Florida)**

August 14, 2017 – An AWC was issued in which Blum was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Blum consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony during the course of an investigation in connection with customer complaints and arbitration claims alleging, among other things, unsuitable trading. ([FINRA Case #2016048384802](#))

**Jonathan Douglas Freeze ([CRD #2642023](#), Canonsburg, Pennsylvania)**

August 14, 2017 – An AWC was issued in which Freeze was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Freeze consented to the sanction and to the entry of findings that he refused to provide FINRA with documents and information in connection with an ongoing investigation relating to his recommendation of variable annuities. ([FINRA Case #2017052701401](#))

**Jay Dee Jordan ([CRD #1776666](#), Oklahoma City, Oklahoma)**

August 14, 2017 – An AWC was issued in which Jordan was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jordan consented to the sanction and to the entry of findings that he recommended and executed

hundreds of unsuitable purchases of non-traditional ETFs in his customers' accounts. The findings stated that Jordan failed to use reasonable diligence to obtain an adequate knowledge base regarding these highly sophisticated products before recommending them to his customers. As a result, Jordan failed to understand the extraordinary risks associated with nontraditional ETFs, the features of such investments, and the compounding of risks associate with holding non-traditional ETFs. In total, Jordan recommended that his clients purchase more than \$22 million in non-traditional ETFs. Jordan routinely failed to sell these products on the same day he purchased them, and he failed to conduct a daily analysis to ascertain whether it was appropriate to hold the products for an extended period of time. Because Jordan failed to do reasonable diligence to understand the attributes and risks of non-traditional ETFs, he did not have a reasonable basis to believe that the recommendations, to purchase the non-traditional ETFs, were suitable for any investor. Jordan did not have a reasonable basis to believe that his long-term buy-and-hold recommendations were suitable. Jordan failed to conduct a customer-specific suitability analysis for many of the customers for whom he either made recommendations or exercised discretion to purchase nontraditional ETFs. Ultimately, Jordan's unsuitable recommendations in non-traditional ETFs in the clients' accounts resulted in realized and unrealized customer losses exceeding \$8.4 million for positions held longer than 30 days, while Jordan and the firm received gross commissions of approximately \$810,000 from non-traditional ETF transactions.

The findings also stated that Jordan exercised discretion to purchase non-traditional ETFs in customers' accounts without first obtaining written authorization from these customers and the firm's approval to effect any discretionary trades in any of these accounts. Moreover, Jordan provided false answers on his firm's annual compliance questionnaires regarding his use of discretion and falsely responded to an email inquiry from his supervisor about the use of discretion. The findings also included that Jordan solicited customer purchases of non-traditional ETFs and mismarked most of these purchases as unsolicited.

FINRA found that Jordan failed to report two customer complaints to his firm, and then attempted to settle one of the claims away from the firm through the improper use of his personal email account. FINRA also found that Jordan failed to produce documents and information to FINRA pertaining to outside investments that he may have made with a customer. ([FINRA Case #2015046728802](#))

**Kimberly Ann Springsteen-Abbott ([CRD #1367633](#), Holiday, Florida)**

August 14, 2017 – Springsteen-Abbott was barred from association with any FINRA member in all capacities, fined \$50,000 and ordered to disgorge \$36,225.85, plus prejudgment interest, to FINRA. The NAC imposed the modified sanctions following the SEC's order remanding the decision to the NAC for further consideration. The sanctions were based on findings that as the general partner of investment funds sold by her member firm and sponsored by its parent company, Springsteen-Abbott misused investor funds for three years by improperly allocating credit card charges to the investment funds to which the funds' paid for personal and other expenses that were not related to the funds' business.

This matter has been appealed to the SEC and the sanctions, except for the bar, are not in effect pending review. ([FINRA Case #2011025675501](#))

**Michael Banjany ([CRD #5917243](#), Jackson, New Jersey)**

August 15, 2017 – An OHO Decision became final in which Banjany was barred from association with any FINRA member in all capacities. The sanction was based on findings that Banjany failed to respond to FINRA requests to appear for on-the-record testimony, and failed to respond timely and completely to FINRA requests for documents and information as part of its investigation into the circumstances surrounding Banjany's termination from his former member firm. ([FINRA Case #2015048317802](#))

**William H. Merriam IV ([CRD #5222110](#), Jacksonville, Florida)**

August 18, 2017 – An AWC was issued in which Merriam was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Merriam consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony during the course of its investigation into allegations that he voluntarily resigned from his member firm after an internal review into allegations involving forgery of customer signatures on account documents. ([FINRA Case #2016052640301](#))

**David Joseph Escarcega ([CRD #4367584](#), Phoenix, Arizona)**

August 22, 2017 – A NAC Decision became final in which Escarcega was barred from association with any FINRA member in all capacities and ordered to disgorge \$52,270, plus interest. The NAC affirmed the sanctions and findings imposed by the Office of Hearing Officers (OHO). The sanctions were based on findings that Escarcega intentionally or recklessly made materially false misrepresentations in connection with the sales of renewable secured debentures to customers, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. The findings stated that Escarcega had no basis to tell his customers that the debentures were guaranteed or safe when the prospectus was replete with warnings about their high risk as an investment.

The findings also stated that Escarcega made unsuitable recommendations of the debentures to customers by failing to take into account their investment objectives and low risk tolerances, as well as the excessive concentration of the debentures compared to the net worth of the customers. The findings also included that Escarcega caused his firm to make and preserve inaccurate books and records. Escarcega failed to disclose on a customer's account documents that the purchase of more than \$100,000 in debentures was a product switch, and he also created account forms that falsely inflated a couple's net worth. ([FINRA Case #2012034936005](#))

**Glenn Robert King ([CRD #2191091](#), Marlboro, New Jersey)**

August 22, 2017 – A NAC decision barring King from association with any FINRA member in any capacity, became final. The NAC affirmed in part and reversed in part OHO’s findings, and affirmed in part and vacated in part the sanctions that OHO imposed. The bar was based on findings that King excessively traded customer accounts.. The findings stated that the turnover rates and cost-to-equity ratios for the customer accounts, King’s in-and-out trading in the accounts , the frequency and quantity of King’s trading in the accounts, and the transaction costs incurred as a result of King’s trading activities demonstrated that King excessively traded the customers’ accounts. UITs and CEFs are long-term investments, and King’s short-term trading of the products was excessive.

The NAC also found that King exercised discretion in customer accounts without written consent or approval. The findings for this violation stated that the customers never gave King discretion, either verbally or in writing, to trade in their accounts, but King nevertheless traded in the customer accounts as if he had discretion. King made the investment decisions in the accounts, including what to buy and sell, the quantities of units or shares to trade, and when each transaction would occur. The NAC therefore concluded that King maintained de facto control over the customers’ accounts. The NAC reversed OHO’s findings that King engaged in fraud and that he made unsuitable recommendations to customers. ([FINRA Case #201504444801](#))

**Adam K. Veron ([CRD #4508315](#), Lake Charles, Louisiana)**

August 22, 2017 – An AWC was issued in which Veron was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Veron consented to the sanction and to the entry of findings that he participated in private securities transactions totaling nearly \$1.8 million, without first providing written notice to his member firm or obtaining its approval prior to participating, and in violation of the firm’s WSPs. The findings stated that Veron formed a company and served as its president. Shortly after forming the company, Veron began selling shares in the company, including approximately \$1.74 million worth of shares to firm customers and another \$50,000 worth of shares to a non-customer. Veron has since repaid two investors the amount of their investment plus interest. In response to the firm’s annual compliance attestations, Veron provided false answers regarding his participation in private securities transactions and outside business activities. ([FINRA Case #2017053237601](#))

**John Phillip Correnti ([CRD #5319471](#), Shaker Heights, Ohio)**

August 23, 2017 – An AWC was issued in which Correnti was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Correnti consented to the sanction and to the entry of findings that he failed to provide complete responses to FINRA’s requests for documents and information, and provided incomplete on-the-record testimony in connection with an investigation into whether he engaged in undisclosed outside business activities and committed other violations of FINRA rules and federal securities laws. ([FINRA Case #2016050822101](#))

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

August 23, 2017 – The NAC Decision was appealed to the SEC. Taboada was barred from association with any FINRA member in any capacity. The NAC affirmed the findings and sanction imposed by OHO. 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.

The bar remains in effect while under review. ([FINRA Case #2012034719701](#))

**John Crosby Edes ([CRD #1344103](#), East Greenwich, Rhode Island)**

August 28, 2017 – An AWC was issued in which Edes was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Edes consented to the sanction and to the entry of findings that he refused to produce FINRA-requested information and documents in connection with an investigation into his termination from his former member firm. ([FINRA Case #2016052287901](#))

**Kory Penland Keath ([CRD #1242675](#), Tacoma, Washington)**

August 28, 2017 – An OHO decision became final in which Keath was barred from association with any FINRA member in all capacities. The sanction was based on findings that Keath failed to inform her member firm that a client designated her daughter and grandson as beneficiaries of the client's trust. The findings stated that the client also authorized Keath's daughter to act on his behalf under a durable power of attorney for health care, and paid for Keath's expenses of approximately \$12,000 when she accompanied the client on an international trip. ([FINRA Case #2015044489701](#))

**Jaime R. Rodriguez ([CRD #5128530](#), Yonkers, New York)**

August 28, 2017 – An AWC was issued in which Rodriguez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rodriguez consented to the sanction and to the entry of findings that he converted approximately \$200,000 from an elderly and legally blind customer, and used these funds to purchase two apartments in Rodriguez' name. The findings stated that when the customer's lease on his apartment was terminated, Rodriguez offered to assist the customer with locating and purchasing a residence. Rodriguez purchased an apartment for

approximately \$70,000 in the Bronx, New York, using the customer's funds. The apartment was supposed to be purchased in the customer's name. Unbeknownst to the customer, Rodriguez was the sole beneficial owner of the apartment. The customer was not able to see or read the documents due to his disability. Although Rodriguez legally owned the apartment, the customer moved into the apartment and lived there for several years.

Rodriguez also recommended that the customer open a joint bank account with Rodriguez so Rodriguez could assist the customer with paying his bills. The joint banking account was opened at a non-affiliated bank with an initial opening balance of approximately \$42,000. The joint bank account was funded exclusively by the customer and reached a balance as high as approximately \$153,000 in September 2013. The funds in the joint bank account were intended to be used solely for the benefit of the customer and were only to be withdrawn with the customer's permission. After a grocery store within walking distance of the apartment where the customer was residing closed, Rodriguez recommended that the customer purchase a second apartment. Rodriguez purchased a second apartment in Yonkers, New York, for approximately \$130,000 using the customer's funds from the joint banking account. The apartment was supposed to be purchased in the customer's name. Unbeknownst to the customer, Rodriguez was the sole beneficial owner of the apartment as well. The customer was not able to see or read the documents due to his disability. The customer did not reside in this apartment. Rather, without the customer's authorization or consent, Rodriguez began renting the apartment to tenants and collected and retained the rent. Through his actions, Rodriguez converted the customer's funds. ([FINRA Case #2016051772601](#))

## Individuals Suspended

### **James Sylvester Fleming III ([CRD #846806](#), Paxton, Massachusetts)**

August 1, 2017 – An AWC was issued in which Fleming was fined \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Fleming consented to the sanctions and to the entry of findings that in connection with two customers' accounts, he repeatedly recommended that the customers purchase UITs and then sell them well before their maturity dates. The findings stated that the UITs that Fleming recommended had maturity dates of 24 months or longer and carried significant sales charges. Nevertheless, Fleming recommended that his customers sell their UIT positions within eight months of their purchase. In addition, on several occasions, Fleming recommended that his customers use the proceeds from the short-term sale of a UIT to purchase another UIT with similar investment objectives. Fleming's recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from August 7, 2017, through December 6, 2017. ([FINRA Case #2013035035902](#))

**Stanley Scott Garrison (CRD #1126118, Bakersfield, California)**

August 3, 2017 – An AWC was issued in which Garrison was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Garrison consented to the sanctions and to the entry of findings that he engaged in an outside business activity with a company through which he conducted insurance sales—including sales of equity-indexed annuities—for compensation, and never provided his member firm with written notice of his involvement with the company. The findings stated that Garrison completed the firm’s annual compliance questionnaires and inaccurately answered on each questionnaire that he was not involved in any business activity outside of the firm (except he identified a teaching position on one of the questionnaires), had not participated in any equity-indexed annuity transactions other than those processed through the firm, and had not received any compensation from any person or entity other than a current firm representative without the firm’s approval.

The suspension is in effect from August 7, 2017, through December 6, 2017. ([FINRA Case #2015046500801](#))

**David John Lomedico (CRD #1531676, Huntington, New York)**

August 3, 2017 – An AWC was issued in which Lomedico was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Lomedico consented to the sanctions and to the entry of findings that he recommended unsuitable transactions in two customers’ accounts. The findings stated that Lomedico was the registered representative for a husband and wife—who were 72 and 64, respectively, at the time of opening their joint trust account—while they were customers at his member firm. During that time, the investment objective for their account was speculation. Lomedico communicated with the husband about the couple’s account and made recommendations—solely to the husband—that he buy and sell securities in that account.

Prior to the husband’s death, the wife had relied entirely on her husband to manage the couple’s finances and investments, including their account with Lomedico’s firm. The wife had little investment knowledge or experience. Following the husband’s death, the wife’s investment objective was long-term capital appreciation. Lomedico did not take any steps upon the husband’s death to assess the wife’s changed circumstances. Lomedico did not speak with her to determine her investment objective and investment experience, instead relying on the account’s prior investment objective of speculation for his recommendations. As a result, Lomedico continued to recommend short-term trading and use of margin that was inconsistent with the wife’s investment objective and risk tolerance, and thus was unsuitable.

The findings also stated that another customer opened an account with Lomedico, seeking a steady return with limited risk. This customer had minimal investment experience and did not have any prior experience trading in non-traditional ETFs. Nevertheless, Lomedico recommended the purchase of non-traditional ETFs as long-term investments, which were inconsistent with the customer's investment objective and risk tolerance, and were unsuitable.

The suspension is in effect from August 7, 2017, through December 6, 2017. ([FINRA Case #2013037843201](#))

**Stephen Samuel Salm ([CRD #1970888](#), Carlsbad, California)**

August 3, 2017 – An AWC was issued in which Salm was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Salm consented to the sanctions and to the entry of findings that he sent emails containing customers' nonpublic personal information to a non-affiliated third party—a broker at another member firm—without the customers' knowledge or consent.

The suspension was in effect from September 5, 2017, through September 18, 2017. ([FINRA Case #2016047661701](#))

**Dennis McNamara Jr. ([CRD #1791930](#), Pompton Lakes, New Jersey)**

August 7, 2017 – An AWC was issued in which McNamara was fined \$5,000 and suspended from association with any FINRA member in all capacities for 60 days. Without admitting or denying the findings, McNamara consented to the sanctions and to the entry of findings that he willfully failed to timely disclose three reportable financial events totaling over \$79,000 on his Form U4, including a state tax lien, a civil judgment in connection with unpaid credit card debt, and a mortgage foreclosure judgment entered against him. The findings stated that all three debts have since been satisfied.

The suspension is in effect from September 5, 2017, through November 3, 2017. ([FINRA Case #2014043613201](#))

**Satya Brata Shaw ([CRD #1229175](#), Lutz, Florida)**

August 7, 2017 – An AWC was issued in which Shaw was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Shaw consented to the sanctions and to the entry of findings that he engaged in outside business activities without seeking his member firm's prior approval. The findings stated that Shaw failed to disclose that he was a member of six limited liability companies, one of which received compensation in connection with the marketing of insurance and preparation of tax returns. Shaw held a management role in the remaining five companies, which his wife owned for the purpose of renting real estate. The findings also stated that an insurance agent who was

not registered with a broker-dealer identified clients of his who sought diversification in securities and referred those clients to Shaw. In return, Shaw paid the unregistered person approximately \$46,680 in securities transaction-based compensation.

The suspension is in effect from August 7, 2017, through February 6, 2018. ([FINRA Case #2016050095801](#))

**Howard Lawrence Hull III (CRD #2698088, Costa Mesa, California)**

August 8, 2017 – An AWC was issued in which Hull was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Hull consented to the sanctions and to the entry of findings that two registered representatives associated with his member firm participated in private securities transactions that Hull approved but failed to supervise, and failed to record on the firm's books and records. The findings stated that Hull was an owner of the firm, served as the firm's vice president, chief compliance officer (CCO), and financial and operations principal (FINOP), and was the sole registered principal responsible for all areas of the firm's supervision, including its WSPs and maintenance of the firm's books and records. Hull was responsible for ensuring the firm had a system that was reasonably designed to supervise private securities transactions and for supervising any of these transactions engaged in by the firm's registered representatives. The firm did not have a reasonably designed supervisory system. The firm failed to require registered representatives to provide Hull with documents and other information related to the private securities transactions he approved so he could supervise the activities and record the transactions on the firm's books and records.

The findings also stated that Hull failed to establish procedures for the review of outside business activities and failed to conduct the required review of such activities. Hull was responsible for updating the firm's WSPs but failed to update them to address the requirements of FINRA Rule 3270. Moreover, registered representatives provided Hull with written disclosure of outside business activities. Hull approved of these activities at the time they were disclosed but failed to conduct the review of them as Rule 3270 required. The findings also included that the firm's procedures prohibited registered representatives from using email for business-related communications. Despite that prohibition, Hull used and allowed registered representatives to use personal email accounts to conduct firm business. Hull failed to review or retain all business-related emails sent from or received by the registered representatives' personal email accounts, failed to supervise the use of these accounts, and failed to enforce the firm's procedures prohibiting the use of email to conduct firm business. Hull also failed to establish and maintain a system reasonably designed to comply with its email review and retention obligations.

The suspension is in effect from August 21, 2017, through November 20, 2017. ([FINRA Case #2014038992501](#))

**Ronald Wayne Nabors ([CRD #5632332](#), Savannah, Georgia)**

August 9, 2017 – An AWC was issued in which Nabors was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Nabors consented to the sanctions and to the entry of findings that he engaged in an outside business activity and received compensation from the business without providing prior written notice to his member firm. The findings stated that Nabors willfully failed to amend his Form U4 to disclose his receipt of a letter from the U.S. Attorney's Office for the District of Maryland that he was the subject of an investigation by a federal grand jury for possible felony charges, was being charged with a theft-related felony and pled guilty to a theft-related felony. Nabors' felony charges related to his undisclosed outside business activities. The disclosure was eventually made on a Form U5 amendment by his former firm.

The suspension is in effect from August 21, 2017, through August 20, 2018. ([FINRA Case #2016052567201](#))

**Jeffrey Ward Delone ([CRD #1790207](#), Media, Pennsylvania)**

August 10, 2017 – An AWC was issued in which Delone was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Delone consented to the sanctions and to the entry of findings that he participated in private securities transactions, in connection with a learning center franchise of which he was a part owner, without notifying his member firm or obtaining its approval. The findings stated that Delone recommended and facilitated investments totaling \$310,000 in the franchise by six investors, three of whom were firm customers.

The suspension is in effect from August 21, 2017, through February 20, 2018. ([FINRA Case #2016049564501](#))

**Patrick Michael Hudson ([CRD #2082798](#), Baltimore, Maryland)**

August 10, 2017 – An AWC was issued in which Hudson was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Hudson consented to the sanctions and to the entry of findings that he participated in private securities transactions in the form of promissory notes, without providing prior written notice to his member firm or seeking its written approval. The findings stated that as part of Hudson's outside real estate business, he entered into a series of promissory notes away from the firm totaling \$490,000. The findings also stated that Hudson participated in multiple outside businesses without providing prior written notice to the firm as the firm's supervisory procedures required. The findings also included that Hudson failed to follow his firm's procedures regarding verification of customer assets. On at least 21 occasions, Hudson sent letters, on

firm letterhead, to various third parties for the purpose of verifying the assets of certain firm customers. Hudson, however, failed to submit these letters to the firm's operations support department for supervisory review in accordance with the firm's written procedures relating specifically to asset verification letters.

The suspension is in effect from August 21, 2017, through February 20, 2018. ([FINRA Case #2015046351701](#))

**Lona Marie Nanna (CRD #1618128, Phoenix, Arizona)**

August 10, 2017 – An Offer of Settlement was issued in which Nanna was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the allegations, Nanna consented to the sanctions and to the entry of findings that she failed to amend an individual's Form U4 to disclose three outside business activities within 30 days after becoming aware of them. The findings stated that Nanna failed to make the required amendments until years later and only after the initiation of a FINRA investigation. Nanna was the individual at her member firm who was responsible for Form U4 filings and amendments for all of the firm's registered representatives. Nanna, as the person at the firm responsible for Form U4 filings, was required to timely amend Forms U4 for registered representatives upon becoming aware of facts requiring disclosure.

The suspension is in effect from August 21, 2017, through February 20, 2018. ([FINRA Case #2014043854402](#))

**Dwarka Persaud aka David Persaud (CRD #1396880, Scotch Plains, New Jersey)**

August 10, 2017 – An AWC was issued in which Persaud was suspended from association with any FINRA member in all capacities for 18 months. In light of Persaud's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Persaud consented to the sanction and to the entry of findings that he violated the terms of a heightened supervision agreement that he and his member firm entered into with the New Jersey Bureau of Securities. The findings stated that Persaud provided false and misleading information to FINRA on a personal activity questionnaire. Persaud falsely indicated that he did not use LinkedIn or other social media or networking websites for business purposes; did not conduct securities business through a non-firm issued device; did not conduct business out of any location other than the branch office to which he was assigned; did not participate in any investment-related seminars, forums or meetings; and did not service customer accounts on a discretionary basis, including but not limited to the use of time and price discretion.

The suspension is in effect from August 21, 2017, through February 20, 2019. ([FINRA Case #2017052711301](#))

**Tania LaShae Smith ([CRD #5208859](#), Edmond, Oklahoma)**

August 10, 2017 – An AWC was issued in which Smith 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, Smith consented to the sanctions and to the entry of findings that she borrowed \$10,000 from two customers through a limited liability partnership of which Smith is the 100 percent owner, contrary to her member firm’s WSPs regarding borrowing money or securities from firm customers. The findings stated that Smith was the firm representative assigned to the customers’ accounts. In a contract with Smith executed on November 1, 2014, the customers agreed to loan Smith’s entity \$10,000. Per the contract, the entity, through Smith, was required to repay the loan with 40 percent interest. Smith repaid the loan with interest on February 13, 2015.

The suspension was in effect from September 5, 2017, through September 25, 2017. ([FINRA Case #2015048105501](#))

**Daniel Edward Peltier ([CRD #2677761](#), Hastings, Minnesota)**

August 11, 2017 – An AWC was issued in which Peltier was fined \$40,000 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Peltier consented to the sanctions and to the entry of findings that he negligently facilitated a market manipulation when he placed dozens of buy limit orders for a thinly traded OTC security based on communications he had with a stock promoter. The findings stated that from July 2014 through February 2015, Peltier placed approximately 82 buy limit orders for the security in accounts held in his and his son’s name and five other brokerage customers after recommending the purchase of the stock. The majority of these purchases were based on communications he had with the stock promoter. During this time period, Peltier was in near-daily contact with the stock promoter, who provided Peltier with the specific timing, price and number of shares he should use for his orders to buy the security. Peltier’s buy orders exceeded 20 percent of the market volume for the security on 46 days during this time period. On those 46 days, Peltier placed more than 60 buy limit orders to purchase the security, nearly all of which were matched in amount and price with a recently placed sell order at another broker-dealer. Moreover, Peltier’s buy limit orders frequently were entered at prices above the best available ask price for the security. Peltier’s orders had the effect of stabilizing the price of the security at or around \$6 per share. Given these circumstances, Peltier should have known that his buy orders were being used to facilitate a market manipulation of the price of the security. The findings also stated that Peltier caused his member firm to maintain inaccurate books and records when he mismarked customers’ orders to purchase the security as unsolicited when he had solicited the purchases. The findings also included that Peltier recommended purchases of the security to customers without reviewing the current financial statements to determine whether there was a reasonable basis for his recommendation to purchase the security.

The suspension is in effect from September 5, 2017, through July 4, 2018. ([FINRA Case #2015047070801](#))

**Brian Richard Scarpellini (CRD #6320844, Plainsboro, New Jersey)**

August 14, 2017 – An Offer of Settlement was issued in which Scarpellini was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the allegations, Scarpellini consented to the sanctions and to the entry of findings that he engaged in a check-kiting scheme by writing checks totaling \$1,167 knowing he did not have funds in the account to cover the checks. The findings stated that Scarpellini then used the funds generated from cashing the checks for his personal use, overdrawing his bank account by \$1,158. Scarpellini has not repaid the bank. As a result, Scarpellini obtained and used \$1,158 from his member firm's bank affiliate to which he was not entitled.

The suspension is in effect from August 21, 2017, through August 20, 2019. ([FINRA Case #2016048882501](#))

**Gabriel Williams Hynes (CRD #3152541, St. Augustine, Florida)**

August 15, 2017 – An AWC was issued in which Hynes was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Hynes consented to the sanctions and to the entry of findings that he purchased securities issued by privately held companies costing a total of \$90,000. The findings stated that these transactions were outside the regular course and scope of his employment with his member firm. As a result, Hynes was required to provide written notice to the firm before participating in them, but he failed to provide the firm with any notice. The findings also stated that in January 2014, Hynes opened an account at another member firm and maintained the account throughout his association with his firm. Hynes deposited into the account the securities he had purchased through the private offerings conducted away from his firm. Hynes failed to notify the other member firm that he was associated with his firm, and failed to notify his firm that he had opened an account at another member firm.

The suspension is in effect from August 21, 2017, through November 20, 2017. ([FINRA Case #2016051410501](#))

**Bae Keun Yu (CRD #4139775, Los Angeles, California)**

August 15, 2017 – An AWC was issued in which Yu was suspended from association with any FINRA member in all capacities for four months. In light of Yu's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Yu consented to the sanction and to the entry of findings that he formed a company to invest in Korean securities and opened a securities account at a Korean broker-dealer without disclosing his involvement with the company and his securities account at the Korean

broker-dealer to his member firm. The findings stated that Yu has served as the company's sole owner and officer, and received compensation from the company. Yu also failed to timely inform his subsequent member firm of his involvement with the company and that he had previously established a securities account at a Korean broker-dealer.

The suspension is in effect from August 21, 2017, through December 20, 2017. ([FINRA Case #2016047873501](#))

**Christopher D. Stoddard (CRD #2773797, Norwell, Massachusetts)**

August 16, 2017 – An AWC was issued in which Stoddard was fined \$5,000 and suspended from association with any FINRA member in all capacities for 20 days. Without admitting or denying the findings, Stoddard consented to the sanctions and to the entry of findings that shortly before he terminated his association with a member firm, Stoddard altered four of his clients' telephone numbers and email addresses in the firm's client management database. The findings stated that although Stoddard separately provided the firm with an accurate list of his customers' contact information, he changed four customers' contact information in the firm's client management database in order to delay the firm's ability to contact the customers in question and thereby ensure Stoddard was able to speak with the customers before the firm. Stoddard changed the relevant contact information without the knowledge or authorization of the affected clients. As a result, Stoddard caused the firm's books and records to be inaccurate.

The suspension was in effect from September 18, 2017, through October 7, 2017. ([FINRA Case #2016051578601](#))

**Matthew Christopher Tucci (CRD #3003418, New York, New York)**

August 16, 2017 – An AWC was issued in which Tucci was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Tucci consented to the sanctions and to the entry of findings that he engaged in outside business activities involving real-estate ventures without disclosing his participation to his member firms. The findings stated that Tucci served as the operating officer, secretary, treasurer and sole member of each of these entities, and received income from each entity. In 2012 and 2013, Tucci falsely represented on two compliance questionnaires for one of his firms that he was not engaging in any outside business activities. The findings also stated that Tucci caused order tickets to reflect inaccurate customer information, thereby causing his firm's books and records to be inaccurate.

The suspension is in effect from August 21, 2017, through December 20, 2017. ([FINRA Case #2014042567601](#))

**James Michael Picha ([CRD #2782397](#), St. Louis, Missouri)**

August 17, 2017 – An AWC was issued in which Picha was suspended from association with any FINRA member in all capacities for 10 months. In light of Picha’s financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Picha consented to the sanction and to the entry of findings that he altered a customer’s life insurance policy application by increasing the requested coverage amount from \$600,000 to \$2,000,000, without the customer’s knowledge or consent. The findings stated that Picha did so in order to earn a larger commission on the transaction. The customer paid approximately \$20,000 in premiums into the policy, and one year later paid an additional \$2,000 in premium payments. The customer did not make any additional payments after that and the policy lapsed.

The findings also stated that when the customer learned of the falsification and objected, Picha attempted to resolve the matter privately through a settlement with the customer to directly repay the \$22,000 in premium payments, without the knowledge and consent of his member firm about the underlying misconduct or the customer’s complaint. For approximately two years, Picha complied with his obligations under the settlement agreement and repaid approximately \$4,000, but when he could no longer continue to make the agreed-upon payments, the customer alerted the firm. The firm paid full restitution to the customer for the lapsed policy.

The suspension is in effect from August 21, 2017, through June 20, 2018. ([FINRA Case #2016050601901](#))

**Landon L. Troyer ([CRD #5854133](#), Gretna, Nebraska)**

August 17, 2017 – An AWC was issued in which Troyer was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Troyer consented to the sanctions and to the entry of findings that he personally affixed clients’ initials on FINRA expense analyzer forms—which include an analysis of the impact of fees and expenses on mutual fund investments—with their authorization, in order to avoid having to go back to the clients to obtain their initials.

The suspension was in effect from August 21, 2017, through September 1, 2017. ([FINRA Case #2017053494101](#))

**Ralph Edward Martin ([CRD #1357741](#), Washington, Illinois)**

August 18, 2017 – An AWC was issued in which Martin was fined \$10,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Martin consented to the sanctions and to the entry of findings that over approximately a six-year period, Martin executed discretionary transactions for customers in “Advisory Select” accounts at his member firm in accordance with an agreed-upon strategy and prior oral authorization, but without prior written authorization

from those customers or his firm's approval. The findings stated that although firm policies prohibited the exercise of discretion in customer accounts, Martin was under the misunderstanding that he could exercise discretion in an Advisory Select account after discussing a trade with a customer, and that discretion was permitted within the context of the Advisory Select accounts as to when the trade would be executed. However, the Advisory Select portfolio agreements stated that the accounts were non-discretionary, and that client consent was required for all securities transactions. Notifications sent to Martin regarding accounts that were "out of drift" with the selected risk models instructed Martin to assist clients with reallocating investments to meet the applicable risk model, and not to reallocate the investments without contacting the customers. Martin exercised discretion in likely all of his Advisory Select customers' accounts, purchasing and selling securities at targeted prices in order to maintain his customers' assets in balance with the risk model each customer selected. While Martin executed trades in accordance with his discussions with customers, the transactions were not always effected on the same day the discussions occurred. Martin did not have written authorization from these customers to exercise discretion in their accounts, and his firm did not approve these accounts for discretionary trading.

The suspension is in effect from September 18, 2017, through October 17, 2017. ([FINRA Case #2014042877101](#))

**Michael Amundson (CRD #4360505, Fargo, North Dakota)**

August 21, 2017 – An AWC was issued in which Amundson was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Amundson consented to the sanctions and to the entry of findings that he effected a transaction for a customer without contacting the customer first, and without the customer's authorization. The findings stated that the customer had insufficient funds in his account to cover a scheduled \$700 monthly ACH distribution. To generate funds to cover that distribution, Amundson sold \$665.84 worth of shares in a mutual fund in the customer's brokerage account without first contacting the customer prior to selling the position. Amundson also did not receive implied or express authorization from the customer to sell the position. Prior to effecting the unauthorized transaction in the customer's account, Amundson's member firm specifically instructed him on several occasions to review the firm's trade authorization procedures, which prohibited brokers from executing transactions in non-discretionary accounts without prior customer approval.

The suspension was in effect from September 18, 2017, through September 29, 2017. ([FINRA Case #2016051091101](#))

**Keith Joseph Michelfelder ([CRD #3084331](#), Atlanta, Georgia)**

August 23, 2017 – An AWC was issued in which Michelfelder was fined \$10,000 and suspended from association with any FINRA member in all capacities for 60 days. Without admitting or denying the findings, Michelfelder consented to the sanctions and to the entry of findings that he effected transactions in the accounts of a member firm customer without having obtained the customer's prior written authorization and his firm's written acceptance of the accounts as discretionary. The findings stated that the firm's policies prohibited the use of non-firm email addresses to conduct firm business. In 2010 and 2011, Michelfelder signed annual certifications agreeing to use only the firm's domain email for communications with customers and concerning firm business. Nevertheless, Michelfelder knowingly used a personal email address to communicate with the customer concerning a sales practice complaint that the customer made regarding Michelfelder's handling his accounts. Because Michelfelder used a non-firm-approved email address, the customer's complaint did not immediately come to the firm's attention. As a result, Michelfelder prevented the firm from discharging its supervisory and recordkeeping obligations.

The suspension is in effect from September 18, 2017, through November 16, 2017. ([FINRA Case #2013035584501](#))

**Maher Salvador Saieh ([CRD #5994181](#), North Miami, Florida)**

August 23, 2017 – An AWC was issued in which Saieh was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Saieh consented to the sanctions and to the entry of findings that he maintained and executed trades in an individual retirement account (IRA) held at another FINRA member firm, and failed to promptly notify his member firm that he held an IRA at the other firm. The findings stated that Saieh failed to disclose the IRA on his firm's annual compliance questionnaire.

The suspension was in effect from September 5, 2017, through October 4, 2017. ([FINRA Case #2016051887401](#))

**John Joseph Kostic Jr. ([CRD #2062399](#), Newport Beach, California)**

August 25, 2017 – An AWC was issued in which Kostic was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for seven months and ordered to pay \$37,000, plus interest, in deferred disgorgement of financial benefits received. Without admitting or denying the findings, Kostic consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$492,000 without providing prior written notice to, or obtaining written permission from, his member firms to participate in the transactions. The findings stated that Kostic invested \$22,000 in a company and introduced nine investors, four of whom were also firm customers, to the company. With Kostic's assistance, these investors invested \$470,000 in the company and Kostic received \$42,000 from it for his participation in these transactions.

The suspension is in effect from September 5, 2017, through April 4, 2018. ([FINRA Case #2015045360601](#))

**Fan Kam Yip (CRD #4775948, Bellevue, Washington)**

August 25, 2017 – An AWC was issued in which Yip was suspended from association with any FINRA member in all capacities for three months and ordered to pay restitution of \$5,000, plus interest, to a customer. Without admitting or denying the findings, Yip consented to the sanctions and to the entry of findings that he participated in a private securities transaction without disclosing it to his member firm, as required. The findings stated that Yip solicited a firm customer to invest in a weight management start-up company. Yip facilitated the customer's investment in the company by conducting research, conducting site visits of potential storefront locations, and helping to complete the required paperwork for the investment. Ultimately, the customer invested \$50,000 in a subordinated convertible promissory note with a two-year maturity date. Yip received a \$3,000 finder's fee from the issuer in connection with the transaction. As a result of Yip's actions, the firm terminated his employment and partially reimbursed the customer for her losses. Yip agreed to indemnify his former co-branch manager for the firm's payment to the customer. The findings also stated that in annual firm compliance questionnaires for 2014 and 2015, Yip indicated that he understood that private securities transactions away from the firm were prohibited without prior approval, and, in his 2015 firm compliance questionnaire, Yip affirmed that he transacted all of his securities business through the firm.

The suspension is in effect from September 5, 2017, through December 4, 2017. ([FINRA Case #2016051683901](#))

**Jim Davis Fink (CRD #5833581, Grand Junction, Colorado)**

August 28, 2017 – An AWC was issued in which Fink was suspended from association with any FINRA member in all capacities for three months. In light of Fink's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Fink consented to the sanction and to the entry of findings that he created false bills of sale and submitted them along with auto insurance applications to an insurance company affiliated with his member firm. The findings stated that Fink did so to qualify customers for discounts on auto insurance provided by the company. These customers were not eligible for the discounts but nonetheless received them as a result of Fink's misconduct.

The suspension is in effect from September 5, 2017, through December 4, 2017. ([FINRA Case #2016049656101](#))

**Frederick David Houck (CRD #4673586, Spokane, Washington)**

August 28, 2017 – An AWC was issued in which Houck was suspended from association with any FINRA member in all capacities for two months. In light of Houck's financial status,

no monetary sanction has been imposed. Without admitting or denying the findings, Houck consented to the sanction and to the entry of findings that he exercised discretion in executing transactions in two customers' accounts pursuant to a recommended investment strategy without obtaining prior written authorization from his customers to exercise discretion in their accounts and without his member firm having approved these accounts for discretionary trading. The findings stated that Houck submitted to the firm an acknowledgement of its standards of conduct, which he initialed and signed to certify, contrary to his ongoing course of conduct, that he would not exercise any discretionary power in effecting a transaction for a customer's account.

The suspension is in effect from September 5, 2017, through November 4, 2017. ([FINRA Case #2016049678601](#))

**Shiva Naby (CRD #5634974, Newport Beach, California)**

August 28, 2017 – A NAC Decision became final in which Naby was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. The NAC modified the findings of liability and the sanctions imposed by OHO. The sanctions were based on findings that Naby falsified documents that her member firm provided to FINRA in response to a FINRA request for information. The findings stated that Naby falsified firm records by intentionally redacting report-generated dates from MSRB Report Cards during the fourth quarter of 2011, when the firm actually reviewed and signed them in April 2012.

Naby falsified documents that she knew her firm was going to produce to FINRA as part of an ongoing FINRA investigation. As a result of her conduct, the NAC found that Naby willfully violated MSRB Rule G-17. The suspension is in effect from September 18, 2017, through November 20, 2017 ([FINRA Case #2012032080301](#))

**John Hoyt Williams Jr. (CRD #2410231, Jackson, Mississippi)**

August 28, 2017 – An AWC was issued in which Williams 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 \$12,880, plus interest, in deferred disgorgement to FINRA for referral fees received. Without admitting or denying the findings, Williams consented to the sanctions and to the entry of findings that he participated in three private securities transactions without providing prior written notice to his member firm and receiving the firm's written approval to participate in any of these transactions. The findings stated that Williams referred three firm customers to a company that is not a broker-dealer to obtain non-recourse loans secured by the customers' securities. Williams facilitated the transactions by recommending that the customers pledge securities as collateral for the loans. The pledged securities were transferred to the company. Williams also assisted the customers with completing and submitting the transaction documents to the company. When the securities were pledged as collateral for these non-recourse loans, the company

could not obtain repayment from the customers beyond the pledged collateral. The customers pledged securities valued at approximately \$700,000 for non-recourse loans totaling approximately \$500,000. The customers ultimately realized gains from the transactions. However, they were exposed to the risk of suffering losses in the amount of \$200,000. Williams received referral fees from the company totaling \$12,880. The transactions were outside the regular course and scope of Williams' employment with his firm. In addition, on a questionnaire Williams submitted to the firm, he stated that he had not received any referral fees of this type.

The suspension is in effect from September 5, 2017, through December 4, 2017. ([FINRA Case #2013037675101](#))

**Elaine Diones LaCerte (CRD #1536459, Colorado Springs, Colorado)**

August 29, 2017 – An AWC was issued in which LaCerte was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, LaCerte consented to the sanctions and to the entry of findings that she engaged in an unsuitable pattern of short-term trading of UITs in customer accounts. The findings stated that in connection with these accounts, LaCerte repeatedly recommended that the customers purchase UITs and then sell these products well before their maturity dates. In addition, on more than 100 occasions, LaCerte recommended that her customers use the proceeds from the short-term sale of a UIT to purchase another UIT with identical investment objectives. LaCerte's recommendations caused the customers to incur unnecessary sales charges, and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from September 5, 2017, through March 4, 2018. ([FINRA Case #2016051367201](#))

**William Morgan Ditty Jr. (CRD #2143553, Columbus, Ohio)**

August 31, 2017 – An OHO decision became final in which Ditty was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for nine months. The sanctions were based on findings that Ditty willfully failed to timely amend his Form U4 to disclose an unsatisfied tax lien and made false representations to his member firm on annual compliance attestations.

The suspension is in effect from September 5, 2017, through June 4, 2018. ([FINRA Case #2014042156101](#))

**William Roy Kimberlin ([CRD #2242040](#), Plano, Texas)**

August 31, 2017 – An AWC was issued in which Kimberlin was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Kimberlin consented to the sanctions and to the entry of findings that he solicited and accepted a total of \$30,000 in loans from two customers in violation of his member firm’s procedures which prohibited accepting or giving loans to customers under all circumstances. The findings stated that Kimberlin solicited a 71-year-old customer unsophisticated in financial matters to loan him \$20,000. The stated purpose of the loan was to finance a real estate investment business begun by Kimberlin. Kimberlin assisted this customer in arranging an early withdrawal from her annuity policy, causing her to incur surrender charges and tax penalties totaling approximately \$4,400. The customer wrote a check to Kimberlin in the amount of \$20,000. Kimberlin also solicited a 76-year-old customer to loan him \$10,000. Once again, the stated purpose of the loan was to finance Kimberlin’s real estate investment business. This customer agreed and provided Kimberlin with a \$10,000 check made payable to Kimberlin. Kimberlin subsequently used the \$30,000 he received from the customers to pay down the balance on his credit cards. Kimberlin has not repaid either of these loans.

The findings also stated that Kimberlin falsely certified on firm annual certifications that he had not and would not engage in the prohibited practice of borrowing money or securities from a client. The findings also included that Kimberlin failed to disclose to his firm, at any time, two outside business activities in which he participated, one involving real estate investments and the other involving sports officiating. For tax purposes, Kimberlin listed these outside business activities on Schedule C Forms filed with his IRS Form 1040.

The suspension is in effect from September 5, 2017, through March 4, 2019. ([FINRA Case #2016049233701](#))

**Lewis Howard Robinson ([CRD #1630516](#), North Miami, Florida)**

August 31, 2017 – An AWC was issued in which Robinson was fined \$10,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Robinson consented to the sanctions and to the entry of findings that he settled a customer’s complaints by issuing three checks in the total amount of \$12,203.23 to the customer’s wife, without his member firm’s knowledge or approval. The findings stated that the customer complained on three separate occasions to Robinson regarding the amount of commissions that he charged. Rather than bringing the customer’s complaints to the attention of his firm, Robinson settled them.

The suspension was in effect from September 18, 2017, through October 6, 2017. ([FINRA Case #2015047287101](#))

## Individuals Fined

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

August 30, 2017 – North appealed a NAC decision to the SEC. North was fined \$5,000. The NAC affirmed OHO’s findings and the sanction imposed. The sanction was based on findings that North failed to enforce his member firm’s WSPs regarding the review of electronic communications. The findings stated that North assumed the responsibility for reviewing the firm’s electronic communications after he recognized “red flags” indicating that another principal was not conducting the required reviews. In an effort to comply with the WSPs, North conducted occasional, random reviews of electronic communications, but not enough to comply with the requirements of the firm’s WSPs.

The sanction is not in effect pending review. ([FINRA Case #2012030527503](#))

## Decisions Issued

**The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of August 31, 2017. 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*.**

### **Edward Beyn ([CRD #5406273](#), Dix Hills, New York)**

August 9, 2017 – Beyn appealed an OHO decision to the NAC. Beyn was barred from association with any FINRA member in all capacities. In light of Beyn’s bankruptcy filing, no monetary sanction was imposed. The sanction was based on findings that Beyn exercised de facto control over trading in customer accounts and engaged in excessive, quantitatively unsuitable trading in the accounts. The findings stated that the trading in the customers’ accounts was excessive, as evidenced by the high turnover rates and cost-to-equity ratios, and inconsistent with the customers’ investment objectives and financial situations. Beyn effected frequent short-term trades in his customers’ accounts, placing the trades primarily as “riskless principal transactions,” for which the customers were charged markups and markdowns, rather than as agency transactions, for which the customers would have been charged commissions. In the accounts at issue, FINRA calculated that the customers paid total commissions (including markups, markdowns and firm commissions) of more than \$1.5 million, of which Beyn’s share amounted to almost \$650,000, and they suffered total losses of more than \$2.9 million. The turnover rates in the accounts combined with the cost-to-equity ratios in the accounts made it highly unlikely that the customers would realize any profits on the trading in their accounts, and not one of the accounts that FINRA analyzed realized overall profits from the trading.

The findings also stated that Beyn churned his customers' accounts in violation of Section 10(b) of the Exchange Act and Rule 10b-5, FINRA Rule 2020 and NASD Rule 2120. The cost-to-equity ratios, including Beyn's nearly \$650,000 in commissions, and turnover rates support a finding that Beyn churned the accounts. The findings also included that Beyn recommended exchange-traded note transactions to a customer without having a reasonable basis to believe that the transactions were suitable for the customer.

The sanction is not in effect pending the review. ([FINRA Case #2015044823502](#))

**Brent Morgan Porges ([CRD #4002626](#), Garden City, New York) and Craig Scott Taddonio ([CRD #4773787](#), Babylon, New York)**

August 25, 2017 – Porges and Taddonio appealed an OHO Decision to the NAC. Porges was barred from association with any FINRA member in all capacities for giving false testimony and barred in any principal or supervisory capacity for his failures to supervise. Taddonio was barred from association with any FINRA member in all capacities for giving false testimony and barred in any principal or supervisory capacity for his failures to supervise. In light of Porges' bar in all capacities, FINRA did not impose any monetary sanctions against him. In light of Taddonio's bankruptcy filing, FINRA did not impose any monetary sanctions against him.

The sanctions were based on findings that Porges, as his member firm's chief operating officer (COO) and minority owner, and Taddonio, as the firm's chief executive officer (CEO) and majority owner, failed to establish, maintain and enforce a reasonable supervisory system at their member firm to prevent excessive trading and churning in customer accounts by firm registered representatives. The findings stated that Porges and Taddonio were aware of red flags suggesting that certain representatives were, or might be, excessively trading customer accounts. Porges and Taddonio did not properly address those red flags and failed to take any meaningful measures to ensure that the representatives complied with applicable laws, regulations and rules regarding excessive trading. The most glaring red flag was the trading itself, all of it carried out openly by four representatives, with all of the trading details reflected in the firm's books and records. These four representatives effected frequent short-term trades in their customers' accounts, placing the trades primarily as "riskless principal transactions," for which the customers were charged markups and markdowns, rather than as agency transactions, for which the customers would have been charged commissions. In the customer accounts of these four representatives, there were more than 9,000 trades, the overwhelming majority of which were marked as solicited, with total costs of just under \$6 million. The turnover rates in the accounts combined with the cost-to-equity ratios in the accounts made it highly unlikely that the customers would realize any profits on the trading in their accounts, even if the trading was otherwise successful in generating gains. In the customer accounts FINRA analyzed, the customers incurred total losses of more than \$9 million. Not one of the accounts realized overall profits from the trading. On the other hand, the firm and the four representatives earned millions of dollars in commissions from the trading.

The findings also stated that Porges and Taddonio gave false testimony during their FINRA on-the-record interviews regarding the recording of telephone calls between the firm and its customers when they knew that the firm had utilized a variety of recording systems to record telephone calls with customers.

The sanctions are not in effect pending review. ([FINRA Case #2015044823501](#))

## 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.**

### **Walter Joseph Marino ([CRD #2121623](#), Dix Hills, New York)**

August 3, 2017 – Marino was named in an amended FINRA complaint in which an additional cause of action was added to a FINRA complaint originally filed on April 24, 2017. The amended complaint alleges that Marino recommended an unsuitable variable annuity surrender to a semi-retired customer without a reasonable basis for recommending the transaction. The amended complaint also alleges that Marino failed to conduct a reasonable investigation to determine whether the transaction would result in a surrender charge to the customer or the forfeiture of any benefits. In fact, the transaction resulted in a \$6,980.52 surrender charge, and the forfeiture of an enhanced death benefit which exceeded the value of the variable annuity by approximately \$28,000 and a lifetime income benefit that provided the customer with the ability to receive annual income payments of \$24,305.73. ([FINRA Case #2015046537501](#))

### **CSSC Brokerage Services, Inc. ([CRD #141630](#), Troy, Michigan) and Eric Stephen Smith ([CRD #2894648](#), Waterford, Michigan)**

August 4, 2017 – The firm and Smith were named respondents in a FINRA complaint alleging that they defrauded investors by offering and selling securities through a bridge loan offering designed to keep their floundering parent company afloat after more than three years of failed deals, significant business losses and mounting debts that the parent company could not pay. The complaint alleges that Smith, who is also the CEO of the parent company and the individual that controlled the firm and its affiliates, knew of the parent company's precarious financial condition, yet misrepresented and failed to disclose material information to potential and actual investors in the bridge loan offering. In connection with the bridge loan offering, Smith and the firm made misrepresentations and omissions of material facts to prospective investors. The firm and Smith did this by intentionally failing to disclose that the parent company could not make interest payments

to existing bondholders and investors without raising additional capital; failing to disclose that the parent company was in default to existing bondholders and investors and was unable to repay more than \$3 million that would eventually become due; misrepresenting that the parent company had earned, was receiving and would continue to receive millions of dollars in revenue from its development of a “special purpose bank” that ultimately failed to materialize and generate any revenue; touting a significant “revenue event” resulting from the parent company’s purported association with a trust company, when no such relationship existed or ever occurred; and misrepresenting the firm and its owner’s relationship with the City of Jacksonville, Florida, including that that relationship would increase the firm’s assets under management by nearly \$1 billion, and generate “significant revenue,” when there was no basis in fact to make any such claims. Each of the firm and Smith’s statements and representations were material, false and misleading, and they knew they were false and misleading at the time that they prepared and distributed the offering documents to investors. As a result of their conduct, the firm and Smith willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 and violated FINRA Rule 2020. In the alternative, the firm and Smith violated FINRA Rule 2010 by contravening Section 17 (a) (2) and (a)(3) of the Securities Act of 1933.

The complaint also alleges that Smith and the firm engaged in unethical conduct by obtaining money from the public for four different investments and the bridge loan offering by making material misrepresentations and omissions of fact regarding those investments while registered with FINRA. The complaint further alleges that Smith, and the firm through Smith, knew that he was not registered as a representative or principal from May 2010 through December 2015. By and through Smith’s conduct, however, Smith was acting in capacities that required his registration as a representative, including the solicitation of firm customers to invest in private placement offerings in the parent company. Smith and the firm knew or should have known that he was engaged in this conduct, despite the fact he was not registered in any capacity with the firm. In addition, by and through Smith’s conduct, control and ownership in connection with the firm, he was acting in capacities that required his registration as a principal. Smith was intimately engaged in firm operations and its securities business, including the hiring and retaining of registered representatives, and the management of all firm subsidiaries’ finances. Smith and the firm knew or should have known that he was engaged in this conduct, control and ownership of the firm, despite the fact that he was not registered in any capacity with the firm. ([FINRA Case #2015043646501](#))

**Robert Charles McNamara (CRD #2265046, Rye, New York)**

August 14, 2017 – McNamara was named a respondent in a FINRA complaint alleging that he failed to promptly disclose to his member firm outside brokerage accounts in which he held a beneficial interest. The complaint alleges that McNamara received reminders from the firm to make all required disclosures regarding all outside securities accounts, and he acknowledged on multiple occasions that he was aware of his obligation to do so.

McNamara completed and signed the firm's annual disclosure forms relating to providing prompt written notice of such information to the firm, thereby acknowledging that he understood this obligation.

The complaint also alleges that McNamara purchased shares of an equity IPO through a disclosed outside brokerage account he held at another FINRA member firm. McNamara was prohibited from purchasing the IPO because, at the time of the purchase, he was registered with his firm. McNamara was reminded by his firm's CCO on separate occasions of the firm's policy prohibiting participation in equity IPOs. The complaint further alleges that McNamara falsely represented to the other firm that he was eligible to purchase the equity IPOs. McNamara completed, signed and submitted the client affirmation form to his financial advisor at the other firm falsely attesting that the account in which he was purchasing the equity IPO was not beneficially owned 10 percent or more by a restricted person, and that he was eligible to purchase equity IPOs. ([FINRA Case #2016049085401](#))

**Windsor Street Capital, LP f/k/a Meyers Associates, L.P** ([CRD #34171](#), New York, New York), **Nas Adel Allan** ([CRD #4562149](#), Staten Island, New York) and **Gregory J. Anastos** ([CRD #5800831](#), Jersey City, New Jersey)

August 15, 2017 – The firm, Allan, and Anastos were named respondents in a FINRA complaint alleging that Allan and Anastos enriched themselves at the expense of elderly husband-and-wife customers at the firm. The complaint alleges that Allan and Anastos did so by repeatedly recommending, over a 16-month period, that the customers' trust account engage in short-term trading of a single security that they had held for more than 36 years, resulting in significant losses and capital gains tax liability for the customers, and generating over \$98,000 in commissions, markups and markdowns for Allan, Anastos and the firm. Allan's recommendations were unsuitable for the trust in light of the investment profile of the trust and the customers, lacked an economic rationale, and resulted in unwarranted losses and tax liabilities for them. Allan's short-term trading recommendations were advantageous for him, as Allan charged \$22,474 in commissions.

After Allan left the firm, Anastos became the broker for the trust account. Anastos exercised control over the trust account and continued to recommend short-term, in-and-out trading of large positions of the same single security, as well as making recommendations for purchasing and selling call options and at times using margin in the trust account. Anastos recommended a total of 26 transactions (24 of which involved the same single security or options relating to it), which resulted in over \$69,622 in losses to the elderly customers and more than \$76,000 in commissions, markups and markdowns. Anastos's trading in the trust account was excessive, as evidenced by the high turnover rates and high commission-to-equity and cost-to-equity ratios, and it was inconsistent with the investment profile of the trust and the customers. Anastos did not have reasonable grounds or reasonable basis for believing that the recommended transactions were suitable for the trust in light of the customers' investment objectives, risk tolerance and financial situation.

The complaint further alleges that Anastos exercised discretionary power in the trust account without written authority and without the firm's acceptance of the trust account as a discretionary account. Anastos effected many of the transactions in the trust account without speaking to either of the customers prior to the transactions on the dates of the transactions. In addition, the complaint alleges that the firm failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA's suitability rules. The procedures did not include steps, procedures or criteria to detect and deter excessive trading and churning, and did not identify the frequency of review, parameters by which accounts were to be selected for review, nature of the review, and the manner in which such reviews were to be documented. The WSPs did not direct supervisors to consider turnover ratios, commission-to-equity ratios and cost-to-equity ratios that might present red flags of excessive trading. The WSPs did not contain any procedures addressing steps that should be taken if the firm had identified any accounts with red flags of potentially problematic trading. The firm did not have systems to document reviews undertaken or steps that should be taken if potentially problematic trading was detected. There was not a system for contacting customers through such means as a letter or telephone call from a firm principal. The firm also did not have a system in place to ensure that the firm reviewed the monthly exception reports received from its clearing firms and responded to identified exceptions. Further, daily trade blotters the firm used did not contain a means to identify unsuitable excessive trading.

Moreover, the complaint alleges that the firm failed to reasonably supervise Allan and Anastos in their handling of the trust account, and ignored red flag warnings of potential unsuitable and excessive trading in the trust account. The firm failed to investigate and act upon red flags of unsuitable trading in the trust account when the account appeared on seven monthly active account reports received by the firm that indicated the account exceeded monthly thresholds for the amount of commissions charged, commission-to-equity ratio and/or losses. The firm also failed to identify and respond to red flags that should have been apparent from daily reviews of account activity. ([FINRA Case #2015046971701](#))

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

**ACAP Financial Inc. (CRD #7731)**  
Salt Lake City, Utah  
(August 1, 2017)  
FINRA Case #2007008239001

**CP Capital Securities, Inc. (CRD #15029)**  
Miami, Florida  
(August 1, 2017)  
FINRA Case #2013038002601

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**Firm Expelled for Failure to Supply Financial Information Pursuant to FINRA Rule 9552**

**John James Futures Group, Ltd. dba John James Investments, Ltd. (CRD #37672)**  
Williamsville, New York  
(August 28, 2017)

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**Firms Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552**

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

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

**Wilbanks Securities, Inc. (CRD #40673)**  
Oklahoma City, Oklahoma  
(August 4, 2017)

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**Firms Suspended for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553**

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

**LPE Securities, LLC (CRD #117851)**  
Tampa, Florida  
(August 25, 2017)

**Wilbanks Securities, Inc. (CRD #40673)**  
Oklahoma City, Oklahoma  
(August 23, 2017)

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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.)

**Nicolas Esteban Arango (CRD #2851934)**  
Whitestone, New York  
(August 25, 2017)  
FINRA Case #2017053874801

**Leonardo S. Araujo (CRD #5625392)**  
Coral Gables, Florida  
(August 28, 2017)  
FINRA Case #2016049044601

**Michael Biggs (CRD #5477936)**  
Clovis, California  
(August 14, 2017)  
FINRA Case #2016051926901

**Shawn Evan Burns (CRD #3138114)**  
Holbrook, New York  
(August 28, 2017)  
FINRA Case #2017053391601

**Brian M. Cain (CRD #5880042)**

Beloit, Wisconsin  
(August 28, 2017)  
FINRA Case #2017053633001

**Jaime Renato Cerda (CRD #6676992)**

Chula Vista, California  
(August 14, 2017)  
FINRA Case #2017053806801

**Steven Gary Dash (CRD #2438498)**

New City, New York  
(August 28, 2017)  
FINRA Case #2016047626602

**Diane Lee Dubshinski (CRD #2832380)**

Hauppauge, New York  
(August 14, 2017)  
FINRA Case #2017053468901

**Kristopher A. Galicia Rodriguez (CRD #5985810)**

New Windsor, New York  
(August 7, 2017)  
FINRA Case #2017053367801

**Yohandy Gonzalez (CRD #6298112)**

Pembroke Pines, Florida  
(August 22, 2017)  
FINRA Case #2016049683302

**Maria Cecilia Yumang Haoson (CRD #6363673)**

North Las Vegas, Nevada  
(August 21, 2017)  
FINRA Case #2017053563501

**David Travis Hicks III (CRD #5218396)**

Winter Haven, Florida  
(August 28, 2017)  
FINRA Case #2016049143701

**Issei Kubota (CRD #5913507)**

Minatoku, Japan  
(August 25, 2017)  
FINRA Case #2016049774101

**Dale Anne Luce (CRD #1054337)**

Rosenberg, Texas  
(August 21, 2017)  
FINRA Case #2016051943401

**Susan V. Magann (CRD #2064152)**

Riverview, Florida  
(August 18, 2017)  
FINRA Case #2017053063601

**Kenneth Paul Mulvaney (CRD #707981)**

Milton, Massachusetts  
(August 21, 2017)  
FINRA Case #2016050424501

**Marc Harold Pearl (CRD #4242478)**

El Dorado Hills, California  
(August 11, 2017)  
FINRA Case #2015046011701

**Gerald Edward Peterson (CRD #6301914)**

West Hills, California  
(August 28, 2017)  
FINRA Case #2017053322701

**Florence Santiago (CRD #6297777)**

Jersey City, New Jersey  
(August 28, 2017)  
FINRA Case #2017053717301

**Jason Soricelli (CRD #6719083)**

Selden, New York  
(August 7, 2017)  
FINRA Case #2017053250601

**Scott Ellis Stacke (CRD #1666312)**

Lake Bluff, Illinois  
(August 21, 2017)  
FINRA Case #2017053439601

**Nancy Todd (CRD #5335758)**

Brooklyn, New York  
(August 14, 2017)  
FINRA Case #2017053568801

**Robert C. Tsai (CRD #5991559)**  
Long Island City, New York  
(August 22, 2017)  
FINRA Case #2017053900601

**Victoria Anne VanDyke (CRD #1359504)**  
New York, New York  
(August 18, 2017)  
FINRA Case #2017054168201

**Rosa Alicia Vazquez (CRD #1710382)**  
Los Angeles, California  
(August 7, 2017)  
FINRA Case #2015047391901

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**Individuals Revoked for Failure to Pay Fines  
and/or Costs Pursuant to FINRA Rule 8320**

(If the revocation has been rescinded,  
the date follows the revocation date.)

**Larry Westly Farmbry (CRD #1017621)**  
Philadelphia, Pennsylvania  
(August 1, 2017 – August 9, 2017)  
FINRA Case #2016050093301

**Gary Hume (CRD #1216949)**  
Syracuse, Utah  
(August 1, 2017)  
FNRA Case #2007008239001

**Michael Kevin O'Sullivan (CRD #4476077)**  
Easton, Massachusetts  
(August 24, 2017)  
FINRA Case #2009019984501

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**Individuals Suspended for Failure to  
Provide Information or Keep Information  
Current Pursuant to FINRA Rule 9552(d)**

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

**Kayla Jo Brassesco (CRD #6776397)**  
Milwaukie, Oregon  
(August 4, 2017)  
FINRA Case #2017054448501

**Aalim Jamaal Brown (CRD #6144137)**  
Brooklyn, New York  
(August 18, 2017)  
FINRA Case #2017054339701

**Laura Ann Cava (CRD #5092233)**  
Lehigh Acres, Florida  
(August 11, 2017)  
FINRA Case #2017054338601

**Christian Desmond Fautz (CRD #2622627)**  
Sanibel, Florida  
(August 28, 2017)  
FINRA Case #2017054319701

**Jessica Marie Franze (CRD #5147250)**  
Shrub Oak, New York  
(August 3, 2017)  
FINRA Case #2017054624301

**Robert William Griffin (CRD #4562307)**  
Farmers Branch, Texas  
(August 14, 2017)  
FINRA Case #2017054340801

**Stephen Allen Holmes (CRD #736787)**  
Holden, Massachusetts  
(August 11, 2017)  
FINRA Case #2017053992901

**Adham Shafik Khalil (CRD #6127719)**

Ypsilanti, Michigan  
(August 28, 2017)  
FINRA Case #2017054284801

**Stephen Joseph Kipp (CRD #1255862)**

Ventura, California  
(August 17, 2017)  
FINRA Case #2016051931201

**Craig Gary Langweiler (CRD #841897)**

Philadelphia, Pennsylvania  
(August 14, 2017)  
FINRA Case #2017052705901

**Caeron Arlington McClintock (CRD #3206481)**

Jamaica, New York  
(August 28, 2017)  
FINRA Case #2016051468601

**Christine Doreen Memet (CRD #2535775)**

Jackson, New Jersey  
(August 4, 2017)  
FINRA Case #2017053842101

**Lawrence Lee Olivas Jr. (CRD #5885477)**

Arroyo Grande, California  
(June 16, 2017 – August 24, 2017)  
FINRA Case #2016052242201

**Monica Jean O'Neill (CRD #6272347)**

Hendersonville, North Carolina  
(August 11, 2017)  
FINRA Case #2017054075601

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

Berry Creek, California  
(August 14, 2017)  
FINRA Case #2016049096701

**Casey Thomas Rodriguez (CRD #4870499)**

Huntington, New York  
(August 14, 2017)  
FINRA Case #2017054592101

**Jessica Rene Sewell (CRD #6435084)**

Oklahoma City, Oklahoma  
(August 28, 2017)  
FINRA Case #2017054516801

**Clint Herrison Stoffels (CRD #5891072)**

Dallas, Texas  
(August 18, 2017)  
FINRA Case #2015046502102

**Anaida Tashchyan (CRD #4834875)**

North Hollywood, California  
(August 25, 2017)  
FINRA Case #2016052529101

**Harvey Alan Weisenfeld (CRD #1187453)**

Beverly Hills, Florida  
(August 18, 2017)  
FINRA Case #2017054425701

**David Arthur Wismer III (CRD #2397960)**

Colorado Springs, Colorado  
(August 28, 2017)  
FINRA Case #2017053930101

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**Individuals Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553**

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

**Clifford Alan Schwartz (CRD #2173244)**

West Palm Beach, Florida  
(August 11, 2017)  
FINRA Arbitration Case #13-00809

**Individuals Suspended for Failure to Comply with an Arbitration Award, Related Settlement, Order of Restitution or Settlement Providing for Restitution 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.)

**James Curtis Ackerman (CRD #1641924)**  
Demarest, New Jersey  
(August 18, 2015 – August 2, 2017)  
FINRA Arbitration Case #09-03694

**David Charles Cannata (CRD #2408845)**  
Smithtown, New York  
(August 30, 2017)  
FINRA Arbitration Case #16-02801

**Joseph Casella (CRD #4757371)**  
Duryea, Pennsylvania  
(August 14, 2017 – August 24, 2017)  
FINRA Arbitration Case #17-00433

**Michael Todd Clements (CRD #1702071)**  
Wellington, Florida  
(August 9, 2017)  
FINRA Arbitration Case #16-02935

**James Gabriel Collard (CRD #2812378)**  
Boerne, Texas  
(July 25, 2017)  
FINRA Case #2012034242501

**Avelino Cortina III (CRD #1723403)**  
La Jolla, California  
(August 3, 2017)  
FINRA Arbitration Case #12-00068

**Tory A. Duggins (CRD #4556340)**  
Bronx, New York  
(August 9, 2017 – September 11, 2017)  
FINRA Arbitration Case #16-02935

**Timothy Stephen Fannin (CRD #4906131)**  
Sarasota, Florida  
(August 25, 2017)  
FINRA Case #2017053203101/ARB170007

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

**Johan Henrik Frisell (CRD #3002232)**  
Santa Barbara, California  
(August 29, 2017)  
FINRA Arbitration Case #16-02715

**Dwight O’Neal Fulton Jr. (CRD #2932935)**  
Ft. Lauderdale, Florida  
(September 18, 2007 – August 2, 2017)  
FINRA Arbitration Case #05-05097

**Gerard Chandler Gremillion (CRD #1816351)**  
Baton Rouge, Louisiana  
(December 6, 2016 – August 18, 2017)  
FINRA Arbitration Case #11-00895

**Michael Dean Martin (CRD #2970069)**  
Dallas, Texas  
(August 29, 2017)  
FINRA Arbitration Case #15-00347

**Christopher Russell McNamee (CRD #4271195)**  
Miami, Florida  
(August 17, 2017)  
FINRA Arbitration Case #15-02495

**Farid Morim (CRD #5023477)**  
Los Angeles, California  
(August 17, 2017)  
FINRA Arbitration Case #16-00546

**Brent Morgan Porges (CRD #4002626)**  
Garden City, New York  
(August 30, 2017)  
FINRA Arbitration Case #16-02801

**Fredrick Deon Reagan (CRD #6140822)**  
Goshen, Indiana  
(August 29, 2017)  
FINRA Arbitration Case #16-03534

## FINRA Expels Hallmark Investments, Inc. and Bars CEO for Fraud Restitution Ordered to Affected Customers

FINRA expelled New York-based [Hallmark Investments, Inc.](#) and barred its Chief Executive Officer, [Steven G. Dash](#), in connection with a scheme to sell shares of stock to customers at fraudulently inflated prices. FINRA also suspended Hallmark representative [Stephen P. Zipkin](#) for two years and required him to pay more than \$18,000 in restitution to affected customers.

FINRA found that Hallmark, Dash and Zipkin used an outside brokerage firm, manipulative trading, and misleading trade confirmations to sell nearly 40,000 shares of stock that the firm owned to 14 customers at fraudulently inflated prices. At Dash's direction, Hallmark used a pre-arranged trading scheme to sell these shares to the customers at \$3.00 per share. At the time, the public offering price for Avalanche shares was just \$2.05 per share, and Hallmark sold Avalanche shares to other customers at prices as low as 80 cents. Hallmark, Dash and Zipkin never disclosed to the customers that the shares they were purchasing belonged to Hallmark, the firm was charging extraordinary mark-ups on the transactions, the firm was selling Avalanche shares to other customers during the same period at much lower prices, or that the shares could be purchased for substantially less on the open market.

Susan Schroeder, FINRA Executive Vice President and Head of Enforcement, said, "This case highlights FINRA's persistent focus on high-risk conduct that causes investor harm. We will continue to pursue firms and individuals engaging in fraudulent activity."

In addition, Hallmark and Dash were charged with failing to respond to numerous requests for documents and information from FINRA. FINRA also found that Hallmark failed to maintain the required minimum net capital.

In settling [this matter](#), Hallmark Investments, Inc., Dash, and Zipkin neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Zipkin's suspension is in effect from August 21, 2017, through August 20, 2019.