

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Robert W. Baird & Co. Incorporated (CRD® #8158, Milwaukee, Wisconsin) and Rolf Parker Griffith III (CRD #2200681, Nashville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured, fined \$200,000, and required to provide written certification to FINRA® that the firm's systems, policies and procedures for correcting trade errors are reasonably designed to achieve compliance with applicable securities laws, regulations and rules. Griffith was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, the firm and Griffith consented to the sanctions and to the entry of findings that they did not reasonably supervise a former registered representative's misuse of customer funds. The findings stated that Griffith, who was the registered representative's direct supervisor, did not reasonably follow-up on "red flags" associated with a trade correction request submitted by the registered representative that should have alerted him to the misuse of customer funds. Griffith did not follow certain of the firm's written supervisory procedures (WSPs) relating to trade corrections which, if followed, would have prevented the registered representative's misuse of customer funds. Griffith did not reasonably follow-up on these red flags, and instead relied on the registered representative's uncorroborated statements that a customer was willing to pay above-market value for the stock and accept an unrealized loss of more than \$34,000 as a result of the registered representative's error. Contrary to the firm's procedures, Griffith approved the trade correction request when the resulting correction allocated the trade loss to the customer rather than the firm or the registered representative, and he did not reasonably document the reasons for, or details surrounding, the trade correction. After it became clear that the customer did not agree to purchase the stock at above-market value, the firm reimbursed the customer for the loss.

The findings also stated that the firm did not establish and maintain a supervisory system, including WSPs, for correcting trade errors that was reasonably designed to ensure compliance with applicable securities laws, regulations and rules. In particular, the firm did not implement reasonable WSPs, guidance, or training to adequately describe the supervisory steps associated with reviewing, approving and processing trade corrections. The firm's WSPs for handling trade corrections were vague and ambiguous, and firm supervisors did not understand how to interpret or apply the procedures. The firm recognized that its WSPs for correcting trade errors needed to be

Reported for September 2016

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

updated but did not take any steps to enhance the WSPs or provide supervisors with training or guidance on the relevant WSPs until a year later. The firm did not complete its enhancement of its WSPs for trade corrections until early 2016.

The suspension was in effect from August 15, 2016, through August 26, 2016. ([FINRA Case #2014040147502](#))

Firms Fined

Aegis Capital Corp. (CRD #15007, New York, New York) submitted an AWC in which the firm was censured, fined \$97,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm submitted incorrect order receipt times and failed to submit desk reports to OATS. The firm failed to provide the Trading Ahead Opt-In/Opt-Out disclosure prior to accepting held orders from institutional customers, failed to provide an extended-hours risk disclosure to a customer prior to accepting and executing an order outside of normal market hours, failed to disclose information on the customer order memoranda, and the firm's manual order tickets failed to document the correct order receipt time. The findings also stated 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, and documenting compliance with Securities and Exchange Commission (SEC) Rule 203(b)(1) of Regulation SHO.

FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, including SEC Rules 611(a) and 611(c) of Regulation NMS. The firm's WSPs failed to provide for the minimum requirements for adequate supervisory procedures regarding supervisory system, procedures and qualifications, and sales transactions. In addition, the firm did not have WSPs in place to ensure compliance with SEC Rule 611(a) and SEC Rule 611(c). ([FINRA Case #2014039943502](#))

Beta Capital Securities LLC (CRD #38964, Miami, Florida) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2015044323401](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted an AWC in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to

report transactions in TRACE-eligible agency/secured products to TRACE within the time required by FINRA Rule 6730(a). The findings stated that the firm, as a managing underwriter, failed to report new issue offerings in TRACE-eligible agency/secured products to FINRA according to the time frame set forth in FINRA Rule 6760(c). ([FINRA Case #2015044256201](#))

Brokers International Financial Services, LLC. ([CRD #139627](#), **Panora, Iowa**) submitted an AWC in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it utilized a form for variable annuity purchases that failed to confirm that customers had been fully informed of the material features and fees of variable annuities prior to recommending that they invest in those products. The findings stated that the firm implemented a new policy for variable annuity purchases, which required customers to sign an “enhanced” Account Information Form (AIF). The AIF contained an acknowledgment that the customer understood that a variable annuity purchased in a qualified plan did not provide additional tax deferral benefits and that the customer purchased the variable annuity for other features, benefits and/or riders, which could increase cost, expenses or fees. The acknowledgment also stated that the customer understood that there could be significant surrender charges, fees and tax consequences for early withdrawals. The AIF, however, did not specifically describe the variable annuity features such as potential tax penalty if customers sold or redeemed variable annuities before reaching the age of 59 1/2, mortality and expense fees, investment advisory fees, potential charges for and features of riders, etc. Moreover, the AIF did not require firm registered representatives to attest to providing any information to customers. As a result, the AIF did not meet the requirements of FINRA Rule 2330(b) because it did not document that the customer had been informed of the material features and costs of the variable annuity as outlined in Rule 2330(b).

The findings also stated that the firm approved solicited variable annuity purchases without adequate information to make reasonable suitability determinations. Firm principals used the AIFs to determine whether variable annuity purchases were suitable. These forms, however, did not include customer acknowledgments of the features of the variable annuities relevant to suitability determinations. Without this information, the firm did not have sufficient information to reasonably determine the suitability of the variable annuity purchases. ([FINRA Case #2013038934401](#))

Cetera Investment Services LLC ([CRD #15340](#), **St. Cloud, Minnesota**) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to generate and mail, or otherwise furnish, a total of 57,881 notifications to account owners of record regarding changes to their account records. The findings stated that former customers contacted the firm to inquire about notices they received from the firm regarding changes to their account records, specifically name changes, address changes, or investment objective changes (Profile Update Notices). The customers who contacted

the firm all held annuities, mutual funds or real estate investment trusts directly with the issuers of the products (direct application accounts), and the firm was no longer the broker-dealer of record on those accounts. As a result of the inquiries from former customers, the firm attempted to suppress the generation and mailing of Profile Update Notices to customers with direct application accounts for which the firm was no longer the broker-dealer of record. Though the suppression was intended to eliminate the mailing of Profile Update Notices to former customers, the computer coding the firm used assumed that customers had closed their accounts if there was not a link between the customers' direct application accounts and their firm profiles. There were situations, however, in which existing firm customers had direct application accounts that were not linked to their firm profiles. Consequently, customers with direct application accounts not linked to their firm profiles did not receive Profile Update Notices.

The findings also stated that the firm failed to establish adequate WSPs reasonably designed to ensure the proper supervision of the creation and maintenance of accurate account records. The WSPs did not contain any processes or procedures to test and verify whether Profile Update Notices were properly generated and mailed to customers. As a result, the firm failed to detect that Profile Update Notices were improperly suppressed. ([FINRA Case #2013039106701](#))

Citadel Securities LLC ([CRD #116797](#), Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$7,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any over-the-counter (OTC) equity security. The findings stated that the firm did not have an adequate supervisory system, including adequate WSPs, reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning FINRA Rule 6437. ([FINRA Case #2014040931101](#))

C.L. King & Associates, Inc. ([CRD #6183](#), Albany, New York) submitted an AWC in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report options positions to the Large Options Position Reporting (LOPR) system due to submission of the positions with the wrong effective date and due to a failure to properly aggregate accounts acting-in-concert. The findings stated that the firm also inaccurately reported positions to the LOPR with errors in the account name, account address, tax identification and/or tax type data fields, inaccurately over-reported positions to the LOPR and failed to resubmit rejected records to the LOPR. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning the reporting of positions to the LOPR. ([FINRA Case #2013037862201](#))

Essex Radez LLC ([CRD #34649](#), Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$210,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS under certain firm Market Participant Identifiers (MPIDs), and reported ROEs to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm reported transactions to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) with an incorrect capacity code, and executed short sale transactions and failed to report each such transaction to the FNTRF with a short sale modifier. The findings also stated that the firm failed to provide for supervision, including adequate WSPs, reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm also failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale in a security subject to a short sale circuit breaker at a price at or below the National Best Bid. ([FINRA Case #2013037586501](#))

E*Trade Securities LLC ([CRD #29106](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions during trading halts. ([FINRA Case #2014043042001](#))

Evercore Group L.L.C. ([CRD #42405](#), New York, New York) (successor to **International Strategy & Investment Group LLC** ([CRD #28195](#), New York, New York)) submitted an AWC in which the firm was censured and fined \$140,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its advertised trade volume in securities through Bloomberg L.P., which resulted in an overstatement of 5,680,374 shares. The findings stated that the overstatements ranged from lows of approximately 1 percent of the firm's executed trade volume in many instances to over 100 percent in some instances. The overstated advertised trade volume resulted from problems related to the implementation of a new order management system (OMS) at the firm. These issues included a transitional period related to the new OMS, a lack of training for the traders using the new OMS, and subsequent adjustments to the OMS that caused the firm to automatically advertise certain trade volume that was also manually advertised. The findings also stated that the firm failed to establish and implement a supervisory system that was reasonably designed to ensure compliance with regulatory requirements for accuracy in the firm's advertisements of executed trade volume. ([FINRA Case #2011030207001](#))

Genesis Global Trading, Inc. fka SecondMarket, Inc. ([CRD #136962](#), New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to comply with certain financial rule requirements and with the requirement to deliver confirmations for certain transactions. The findings stated that the firm was operating pursuant to SEC Rule 15c3-3k(2)(i), which provides an exemption from the

requirements where a firm does not hold customer funds. However, the firm failed to promptly transmit customer funds held in the firm's Special Account for the Exclusive Benefit of Customers as required for firms relying on the 15c3-3k(2)(i) exemption. As a result, the firm was fully subject to the requirements of SEC Rule 15c3-3, including but not limited to the requirement to perform customer reserve computations.

The findings also stated that the firm was required to, but failed to make and deliver trade confirmations to customers for transactions in private placements and tender offers. The findings also included that while the firm maintained an omnibus account through which it held customer funds, it did not correctly compute its required minimum net capital or perform customer reserve computations as required when holding customer funds. The firm also failed to adhere to the responsibilities pertaining to possession or control of securities, including maintaining a stock record showing ownership and location of securities. ([FINRA Case #2014039400801](#))

H.D. Vest Investment Securities, Inc. dba H.D. Vest Investment Services ([CRD #13686](#), Irving, Texas) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its supervisory system and WSPs were not reasonably designed to ensure that a representative's Uniform Application for Securities Industry Registration or Transfer (Form U4) was timely amended to disclose bankruptcies, judgments and liens. The findings stated that although the firm implemented a program to proactively search for liens and judgments as part of its branch exams, the firm's WSPs did not indicate any time frame for branch examiners to complete reviews of potentially undisclosed financial events, and were unclear on who was responsible for ensuring that financial events detected through this process were timely disclosed. In addition, the firm's WSPs and systems divided responsibility for updating Forms U4 between the compliance and licensing departments, but failed to provide procedures to ensure information about potentially disclosable events was followed up on with the registered representatives. As a result of this inadequate system, the firm failed to timely and/or accurately amend a registered representative's Form U4 to disclose a bankruptcy, judgment or lien. In addition, the firm failed to timely report written customer complaints and the settlement of a complaint on its registered representatives' Forms U4. In these instances, the firm made the appropriate FINRA Rule 4530 filing, but failed to amend the named registered representatives' Forms U4 at the time of the Rule 4530 filing.

The findings also stated that the firm failed to accurately and/or timely report customer complaints in FINRA's 4530 complaint reporting system. The findings also included that the firm's principals approved variable annuity transactions without obtaining sufficient documents and information to determine that the variable annuities were sold to customers for whom the product was suitable. The firm did not take adequate steps to ensure that the information on the insurance purchase exchange disclosure form was accurate. The firm's WSPs did not require registered representatives to submit third-party

documentation regarding the surrendering asset that would allow the reviewing principals to verify the accuracy of information about the surrendering asset. In addition, the firm's WSPs failed to provide principals reviewing variable annuity transactions with any guidance regarding how to verify such information. The WSPs failed to provide guidance on how to conduct the WSPs' requirement for additional review. The firm also failed to document the additional review its WSPs required. In some transactions, there was not any meaningful documentation of the principal's review and justification for approval and in other transactions, there was not any documentation whatsoever of the principal's review.

FINRA found that the firm did not have in place systematic surveillance procedures to identify possible inappropriate rates of variable annuity exchanges. Although the firm's WSPs stated that inappropriate replacement or exchanges—"switching"—of variable annuities was prohibited, the WSPs failed to explain what may constitute an inappropriate rate of exchange. The firm relied on its principals to have familiarity with the over 2,000 variable annuity transactions they were assigned to review each year, and did not maintain historic information about rates of exchange. It was unreasonable to expect the reviewing principals to detect trends for this number of representatives and volume of variable annuity sales without any access to historical data, systematic surveillance procedures or guidance from the firm. ([FINRA Case #2014039092201](#))

Intercarolina Financial Services, Inc. ([CRD #19475](#), Greensboro, North Carolina) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce an adequate supervisory system and WSPs to monitor its registered persons' Regulatory Element Continuing Education (CE) status. The findings stated that 15 registered persons were CE-inactive for periods ranging from one to 469 days. Six of the 15 registered persons conducted a securities business and received securities-related compensation while CE-inactive. The firm's chief compliance officer (CCO), who was the principal responsible for its CE Program, did not receive email notifications from FINRA's Central Registration Depository (CRD) regarding its registered persons' CE status because his email address on file with CRD was incorrect. The firm's only method to verify its registered persons' CE status was the email notifications sent by CRD. ([FINRA Case #2014039275801](#))

Investment Professionals, Inc. ([CRD #30184](#), San Antonio, Texas) submitted an AWC in which the firm was censured and fined \$170,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise the advisory activities of registered representatives who were dually-registered with unaffiliated registered investment advisors (RIAs). The findings stated that the firm failed to record the transactions that these representatives executed away from the firm through these RIAs on its own books and records. The firm treated RIA activities as outside business activities and merely required registered representatives to disclose their association with unaffiliated RIAs. The representatives that the firm failed to supervise

had more than \$500 million in assets under management. In each instance, the dually-registered representatives participated in the execution of private securities transactions on behalf of their advisory clients. The firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable NASD® rule. The findings also stated that the firm failed to preserve securities-related emails sent to and received from email addresses that were utilized in connection with Bloomberg terminals at a branch office. This supervisory failure was precipitated by the firm's failure to investigate whether the Bloomberg terminals had assigned email addresses. ([FINRA Case #2014039093501](#))

Laidlaw & Company (UK) LTD. ([CRD #119037](#), London, England) submitted an AWC in which the firm was censured, fined \$10,000 and required to pay \$27,787.07, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged commissions plus a "handling fee" on certain transactions in equity securities that were not fair and reasonable, taking into consideration the factors set forth in NASD Interpretative Material-2440-1(b) and Supplementary Material .01(b), and that exceeded 5 percent. The findings stated that as a result, the firm charged \$27,787.07 in excessive commissions on a total of 421 transactions. ([FINRA Case #2014040622201](#))

Motilal Oswal Securities International Private Limited ([CRD #164319](#), Mumbai, India) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it used the electronic messaging tool of the Bloomberg system to communicate with institutional clients of the firm without retaining the Bloomberg messages in its electronic storage media system. The findings stated that registered representatives of the firm used WhatsApp, an instant-messaging platform for smartphones, to exchange business-related messages with each other and with employees of the firm's parent company. The firm also failed to retain in any manner the messages sent or received via WhatsApp. The findings also stated that the firm failed to evidence in writing its review of email communications and Bloomberg messages, and failed to perform a supervisory review of messages sent and received via WhatsApp. ([FINRA Case #2015043283701](#))

Nomura Securities International, Inc. ([CRD #4297](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct contra party identifier for transactions in TRACE-eligible agency debt securities to TRACE, and over-reported transactions in TRACE-eligible agency debt securities. ([FINRA Case #2015046876201](#))

Piper Jaffray & Co. ([CRD #665](#), Minneapolis, Minnesota) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it untimely submitted

documents relating to primary offerings of municipal securities to the Electronic Municipal Market Access database (EMMA). The findings stated that the untimely submissions resulted from turnover in the firm's department that handled the documents, a situation that the firm's WSPs did not adequately address. ([FINRA Case #2015043589201](#))

PNC Capital Markets LLC ([CRD #15647](#), Pittsburgh, Pennsylvania) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, document, and maintain a system of risk-management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks associated with market access with respect to its fixed-income business. The findings stated that the firm failed to establish and maintain a system to supervise the activities of associated persons that were reasonably designed to achieve compliance with applicable securities laws and regulations. The firm also failed to submit the required chief executive officer (CEO) certifications of compliance. ([FINRA Case #2015048319301](#))

Raymond James & Associates, Inc. ([CRD #705](#), St. Petersburg, Florida) submitted an AWC in which the firm was censured, fined \$12,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it over-reported transaction reports in OTC equity securities to the OTC Reporting Facility (OTCRF) that were executed in Canada, and also reported to the regulator of securities markets for that country. The findings stated that the underlying securities were dually listed in the United States and in Canada. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning trade reporting of transactions involving securities that are dually listed in the United States and another country. ([FINRA Case #2013037852901](#))

Summit Brokerage Services, Inc. ([CRD #34643](#), Boca Raton, Florida) submitted an AWC in which the firm was censured, fined \$75,000 and required to pay \$83,757.49, plus interest, in restitution to customers. The firm paid full restitution, plus statutorily calculated interest, and provided proof of payment to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs), resulting in customers paying excessive sales charges of approximately \$62,236.26. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. In fact, the firm's WSPs did not contain any provisions specific to UIT discounts. ([FINRA Case #2014041840301](#))

Torino Capital, LLC ([CRD #157525](#), New York, New York) submitted an AWC in which the firm was censured and fined \$9,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions

in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning its TRACE-reporting activities. ([FINRA Case #2015045393901](#))

Firm Sanctioned

Securities America, Inc. (CRD #10205, La Vista, Nebraska) submitted an AWC in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales-charge waiver. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$1,541,419 (the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales-charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$1,386,271 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015047269801](#))

Individuals Barred or Suspended

Peter George Alcure (CRD #2406903, Locust Valley, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Alcure consented to the sanctions and to the entry of findings that he settled a customer complaint away from his member firm. The findings stated that the customer complained to Alcure about losses she incurred in connection with a series of investments Alcure had initially recommended to her. The customer verbally demanded that Alcure pay her \$20,000 to compensate her for

those losses. Alcure did not bring this oral complaint to his firm's attention. Rather, Alcure settled the customer's complaint without notifying the firm by sending the customer approximately 21 checks, in the total amount of approximately \$12,500, to compensate her for the losses she incurred.

The suspension was in effect from August 1, 2016, through August 31, 2016. ([FINRA Case #2015046953801](#))

John Joseph Arnold (CRD #2854371, San Clemente, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the allegations, Arnold consented to the sanctions and to the entry of findings that despite his member firm's requirement that firm personnel verbally confirm all emailed wire instructions, he instructed a firm sales assistant to process two wire requests, falsely representing to her that he had verbally confirmed each of the wire requests with a customer. The findings stated that an imposter posing as the customer sent emails to Arnold requesting that wire transfers totaling \$127,200 be sent to third-party bank accounts. In connection with the second wire request, Arnold also falsely represented to the sales assistant that the customer needed the wire transfer to pay for medical costs.

The findings also stated that Arnold verbally misrepresented to his supervisor that he had verbally verified a wire request with the customer, when in fact he had not. Notwithstanding the firm's letter of authorization (LOA) requirements for wire requests exceeding \$50,000, and without prompting from the imposter, Arnold structured the imposter's first wire request for \$77,200 by splitting it into two separate transfers executed over two consecutive business days. By structuring the imposter's wire request to send \$50,000 on one day and the remaining \$27,200 on the next, Arnold circumvented the firm's requirement that he obtain an LOA from the customer to process the \$77,200 wire request. The firm also expressly prohibited its employees from structuring wire transfer requests over consecutive business days to avoid obtaining an LOA. In so doing, Arnold impeded the firm's ability to detect the true dollar amount of the wire request and to supervise such transactions. In connection with the second wire request, the firm wired \$50,000 out of the customer's account to a third-party bank account, as the imposter instructed. However, on the next day, the imposter sent Arnold another email requesting an additional wire transfer of \$170,000 to a third-party. For the first time, Arnold called the customer to verbally verify the wire request. During Arnold's ensuing telephone conversation with the customer, Arnold learned that the customer's email account had been hacked and that the customer had not requested any of the wire requests. Arnold subsequently called a firm supervisor and informed him that the wire requests were fraudulent. During the call with the firm supervisor, Arnold admitted that he had lied when he told him that he had verbally verified the wire request with the customer. The firm reimbursed the customer \$127,200 for the fraudulent wire transfers that it had processed from his account.

The findings also included that relying on Arnold's misrepresentations, the sales assistant recorded false entries in the firm's firm web-based system concerning Arnold's purported verbal verification of the wire requests, and a fictitious purpose for a wire request; as such, Arnold caused the firm to preserve and maintain false books and records. FINRA found that Arnold completed a firm online annual compliance certification form in which he certified he was familiar with, understood and would adhere to such firm policies.

The suspension is in effect from July 18, 2016, through September 15, 2016. ([FINRA Case #2013038333001](#))

Brett Alexander Ashy ([CRD #5794420](#), Jackson, Mississippi) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Ashy consented to the sanctions and to the entry of findings that he obtained two partially completed and signed variable annuity applications, and later wholly completed the forms, then signed and dated each of the variable annuity applications using the same date for both his signature and the customer's signature, and submitted the applications for processing. The findings stated that in addition, Ashy obtained two variable annuity delivery receipts that were signed by the same two customers related to the sale of variable annuities. Weeks after receiving the delivery receipts from the customers, Ashy signed and dated them using the same date for both his signature and the customers' signatures, and submitted the delivery receipts for processing.

The suspension was in effect from August 1, 2016, through September 12, 2016. ([FINRA Case #2014042781901](#))

Pascal Michel Besman ([CRD #1109095](#), Great Neck, New York) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Besman consented to the sanctions and to the entry of findings that he failed to timely disclose a compromise with a creditor on his Form U4.

The suspension is in effect from August 15, 2016, through November 14, 2016. ([FINRA Case #2015045082501](#))

Frank Stephen Boscarino ([CRD #6033817](#), Clinton Township, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Boscarino consented to the sanction and to the entry of findings that he wrote fictitious auto insurance policies in the names of different households in order to meet production requirements and obtain additional compensation from his member firm's affiliated insurance company. The findings stated that all of the names used on the fictitious auto policies were individuals related to Boscarino. In addition, Boscarino used vehicle information for the fictitious policies that he obtained from quotes and policies provided to other individuals. ([FINRA Case #2015048290501](#))

Dustin Michael Broughton (CRD #5111051, Charlestown, Massachusetts) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Broughton consented to the sanctions and to the entry of findings that he executed unauthorized transactions in customer accounts.

The suspension is in effect from July 18, 2016, through October 17, 2016. ([FINRA Case #2015045531601](#))

Alexander Paul Brown III (CRD #31944, Baltimore, Maryland) submitted an AWC in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that he effected discretionary trades in a customer's account without obtaining the customer's prior written authorization and without his member firm's acceptance of the account as discretionary.

The suspension was in effect from August 15, 2016, through September 2, 2016. ([FINRA Case #2015047883501](#))

John Edward Buonocore (CRD #2337214, Brooklyn, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Buonocore consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into certain trading anomalies at his member firm that may have affected the accounts of one or more of Buonocore's customers. ([FINRA Case #2016050364201](#))

Craig Leonard Buttignoli (CRD #2159204, Bingham Farms, Michigan) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Buttignoli consented to the sanctions and to the entry of findings that he willfully failed to disclose felony convictions on his Form U4, and falsely denied being convicted of misdemeanor and felony offenses on his annual member firm questionnaires.

The suspension is in effect from August 1, 2016, through July 31, 2017. ([FINRA Case #2015046865001](#))

David Charles Cannata (CRD #2408845, Smithtown, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$1,566,298.14, plus interest, in restitution to customers. The sanctions were based on findings that Cannata made unsuitable recommendation and excessively traded in customer accounts at his member firm. The findings stated that Cannata had *de facto* control over the customer accounts and made all investment decisions. Cannata's trading strategy in each client's account generated extraordinary levels of activity inconsistent with the clients' objectives and financial circumstances. The clients sustained losses ranging from \$114,171 to \$1,263,527

as a result of Cannata's trading strategy. The findings also stated that Cannata churned his customers' accounts. Cannata knowingly or recklessly disregarded his customers' interests by seeking to maximize his own compensation. Both the high turnover rate and cost-to-equity ratio establish that Cannata recommended and executed trades in the customers' accounts for his own benefit, without regard for his customers' resources or best interests. As a result of his conduct, Cannata violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 and FINRA Rule 2020. The findings also included that Cannata failed to appear and provide FINRA with sworn testimony in connection with FINRA's investigation into his trading in the customer accounts.

FINRA found that Cannata willfully failed to timely amend his Form U4 to disclose tax liens totaling \$189,449. Prior to reporting the tax liens, Cannata signed and submitted an amended Form U4 reporting no liens against him, representing that he would timely update the form with material changes. ([FINRA Case #2013037857001](#))

Denise Ann Cerveny (CRD #2609567, Secaucus, New Jersey) submitted an AWC in which she was fined \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Cerveny consented to the sanctions and to the entry of findings that she cut and pasted her customers' signatures to various account documents. The findings stated that in all of these instances, Cerveny copied and pasted the signatures of her customers with their knowledge and authorization after they had communicated to her that it was inconvenient for them to sign the documents themselves. Cerveny's member firm was not aware that she had copied and pasted customer signatures to firm account documents and that the signatures were not original and authentic.

The suspension is in effect from August 1, 2016, through October 31, 2016. ([FINRA Case #2015043657201](#))

Diana Sue Chadwick (CRD #3139436, West Plains, Missouri) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chadwick consented to the sanction and to the entry of findings that in attempting to transfer the assets of an elderly customer to her member firm, she directed a more junior registered representative at the firm to obtain the customer's account statements from the customer's existing firm by claiming to be the customer's relative. The findings stated that the customer's son had a power of attorney that had been executed many years earlier, but he had been unsuccessful in obtaining information about his mother's accounts. After Chadwick learned that FINRA was investigating the junior employee's claims to being the customer's relative, she told the junior employee to testify to FINRA that the junior employee had only stated that she was "like" the son's daughter during the telephone calls with the other firm. Chadwick also repeated this false claim during her own on-the-record testimony with FINRA. ([FINRA Case #2013039630302](#))

Christopher R. Ciccolini ([CRD #5492239](#), Needham, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ciccolini consented to the sanction and to the entry of findings that he converted \$1,035 from his member firm's bank affiliate by using a bank fee rebate system to move funds to which he was not entitled into his personal checking and savings accounts. The findings stated that Ciccolini used the fee rebate system without the bank's knowledge or authorization. Ciccolini was terminated by both the firm and bank for his misconduct. ([FINRA Case #2015047364601](#))

James Aloysius Conwell II ([CRD #1436190](#), Fairhope, Alabama) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Conwell consented to the sanctions and to the entry of findings that he impersonated a customer in order to obtain a current annuity valuation for a portfolio review that he was providing the customer the following day. The findings stated that Conwell called another financial institution in order to obtain current valuation information about a variable annuity the customer owned to enable Conwell to conduct a routine account review. Because Conwell was not listed as the registered representative of record on the annuity account at the time, he misrepresented to the financial institution that he was the customer in order to obtain the information. Conwell then used the information obtained about the variable annuity's current value to conduct the portfolio review with the customer.

The suspension was in effect from August 1, 2016, through September 12, 2016. ([FINRA Case #2014039092101](#))

Geri A. Delfino ([CRD #860100](#), Bedminster, New Jersey) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Delfino consented to the sanctions and to the entry of findings that she effected discretionary transactions in customer accounts without obtaining prior written authorization from those customers and without her member firm having accepted those accounts as discretionary in writing.

The suspension was in effect from July 18, 2016, through August 12, 2016. ([FINRA Case #2015047790401](#))

Linda Dowd ([CRD #1281525](#), Carlsbad, California) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Dowd consented to the sanctions and to the entry of findings that to accommodate her customer, she offered to have the customer pre-sign blank distribution request forms, which Dowd would complete when the customer made a verbal distribution request. The findings stated that on at least 26 occasions, Dowd used these pre-signed blank distribution forms to effectuate the customer's verbal distribution requests as an accommodation to the customer. On at

least one of these occasions, Dowd re-used a previously used signature page onto a new distribution request form because she had run out of pre-signed blank forms from the customer. Dowd was aware that the use of pre-signed forms and re-using client signatures violated FINRA rules and her member firm's WSPs. The findings also stated that Dowd attested on her annual compliance questionnaire that she was aware that she was not "permitted to have customers sign blank or partially completed forms, even when doing so is meant to accommodate a customer's request." Dowd's use of pre-signed forms caused her firm to maintain inaccurate books and records.

The findings also stated that after compliance personnel at Dowd's firm asked her to explain the manner in which she was receiving completed and signed distribution request forms, Dowd attempted to create the false appearance that the client had been transmitted signed and completed distribution request forms to her at the time of the request. Through these actions, Dowd attempted to make it appear that she had contemporaneously received email transmissions of distribution request forms. Dowd falsely advised the firm's compliance personnel that she had received the customer's completed and signed distribution requests via email. When told that her incoming and outgoing emails had already been reviewed and that there was not any evidence of any such emails, Dowd admitted that she had been utilizing pre-signed distribution request forms.

The suspension is in effect from August 1, 2016, through July 31, 2017. ([FINRA Case #2015044368001](#))

Alex Drawve (CRD #6557680, Springfield, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Drawve consented to the sanctions and to the entry of findings that he willfully failed to timely disclose that he was charged with and convicted of a non-investment-related felony.

The suspension is in effect from August 1, 2016, through January 31, 2017. ([FINRA Case #2016049123501](#))

Stephanie Lynn Fagenson (CRD #3100930, New York, New York) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Fagenson consented to the sanctions and to the entry of findings that she improperly caused two fraudulent wire disbursements to be transferred from a customer account at her member firm. The findings stated that Fagenson received emails from an imposter posing as a person authorized to request transactions related to the customer's account, requesting wire transfers from the customer's account to a third-party bank account. Fagenson processed each of the wire disbursements based on the email requests together with an LOA that included wire instructions purportedly on the customer's letterhead with the alleged signature of the person authorized to request transactions related to the customer's account.

The findings also stated that in connection with the transfers, Fagenson completed and signed two wire disbursement confirmation forms, falsely attesting on each form that she verbally confirmed with an officer authorized to act on the customer's behalf and the authenticity of the instructions in the LOAs, when she had not done so. The firm's WSPs and compliance alerts required registered representatives to verify email requests for wire transfers to third-party bank accounts via a phone call to the customer prior to processing the wire transfers. For all wire requests, the firm required that registered representatives complete and sign a preprinted Wire Instructions Confirmation form to attest that the LOA instructions have been verbally confirmed with the customer, and the LOA instructions and signature on LOA instructions are authentic. Furthermore, Fagenson caused the firm's books and records to be inaccurate by entering false information on two wire disbursement confirmation forms. The findings also included that Fagenson discovered in a conversation related to the customer's account that the wire requests and request to sell securities relating to the customer's account were fraudulent, so she alerted the firm. The firm reimbursed the customer for all losses.

The suspension is in effect from August 15, 2016, through September 28, 2016. ([FINRA Case #2015044301501](#))

Joseph Bert Feldman (CRD #205910, Virginia Beach, Virginia) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Feldman consented to the sanctions and to the entry of findings that he made misrepresentations to his member firm regarding compensation he received for serving as the trustee for a customer's trust. The findings stated that the firm's procedures allowed representatives to serve as trustees for relatives but prohibited representatives from receiving compensation for such services. When Feldman rejoined the firm, he disclosed that he was serving as the trustee for a relative's trust. However, Feldman later falsely stated to the firm's compliance department that the trust was not going to compensate him for trustee services. Based upon this representation, the firm approved Feldman's service as trustee. Despite his representation to the firm that he would not receive compensation for serving as trustee, Feldman received three separate payments for his service. The last payment led to Feldman's termination from the firm, as a supervisor detected that check as a payment from the trust. The findings also stated that in annual certifications submitted to his firm, Feldman disclosed the trust as an outside business activity but falsely stated that he was not receiving compensation for his service as trustee.

The suspension is in effect from August 1, 2016, through October 31, 2016. ([FINRA Case #2016049120701](#))

James Brian Felton (CRD #2296005, Atlanta, Georgia) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Felton

consented to the sanctions and to the entry of findings that he allowed a former customer of his member firm, who had been banned from doing business with the firm, to continue trading through the firm using accounts held in the name of an entity owned by one of the customer's relatives. The findings stated that while knowing the customer was prohibited from doing business at the firm, Felton opened accounts through which the customer was able to continue to have access to public offerings. Felton misled the firm by withholding the fact that the customer was controlling trading in the accounts. Felton submitted inaccurate entries in the firm's due diligence system to hide the customer's control over the accounts and the referral source for them, who was identified as another registered representative. Contrary to firm policies and procedures, Felton failed to obtain or file any written documentation for the customer's trading authority in certain accounts. The findings also stated Felton accepted third-party instructions from the customer without documenting the customer's trading authorization in the firm's books and records, which would have alerted the firm to the customer's circumvention of the firm's trading ban against him. Felton caused the firm's books and records to be inaccurate by failing to provide certain information, and by providing inaccurate information on the firm's due diligence system forms as to the customer's authority to place transactions in the accounts and as to the referral source of the accounts. Felton also encouraged the customer's sister-in-law to provide the same false responses to the firm as he had.

The suspension is in effect from July 18, 2016, through July 17, 2018. ([FINRA Case #2014043075802](#))

Nickolus William Finley (CRD #5710732, Coronado, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Finley consented to the sanctions and to the entry of findings that he copied and pasted a customer's signature from her financial planning services agreement to the part of the agreement that authorized the customer's credit card to be charged \$1,500. The findings stated that although the customer intended to pay the fee with her credit card and verbally authorized the credit card payment, she did not authorize Finley to paste her signature onto the signature line. The findings also stated that Finley used the signature stamp of another registered representative on customer-related documents without the representative's authorization or consent. The registered representative had authorized the use of the signature stamp to sign checks for payroll and office expenses when he was unavailable. Additionally, the firm prohibited the use of a signature stamp on customer documents.

The suspension is in effect from July 18, 2016, through October 17, 2016. ([FINRA Case #2014043721701](#))

Daniel Terry Fischer (CRD #2796625, Greenwich, Connecticut) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Fischer consented

to the sanctions and to the entry of findings that he exercised discretion in customer accounts without written authorization from the customers to place discretionary trades or his member firm's approval and acceptance of the accounts as discretionary.

The suspension was in effect from August 15, 2016, through September 12, 2016. ([FINRA Case #2015048283901](#))

James Forman (CRD #6347170, Marlton, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for 18 months. Forman's limited ability to pay was considered in connection with the monetary sanction imposed in this matter. Without admitting or denying the findings, Forman consented to the sanctions and to the entry of findings that while taking a Series 7 licensing examination, he possessed and had access to notes related to the subject matter of the licensing examination. The findings stated that prior to beginning the examination, Forman attested that he had read and would abide by the FINRA Test Center Rules of Conduct, which prohibited the possession of notes, formulas, or any other study materials in the examination room or during a restroom break and required all such materials to be stored in a locker.

The suspension is in effect from August 1, 2016, through January 31, 2018. ([FINRA Case #2015045670801](#))

Thomas Edward Gackle (CRD #2343206, Plymouth, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gackle 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 his failure to disclose to his member firm and on his Form U4 that he had been suspended from the practice of law by Missouri and Kansas. ([FINRA Case #2015045336301](#))

Luis Felipe Gil (CRD #5644467, San Francisco, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Gil consented to the sanctions and to the entry of findings that he entered customer orders without being properly registered. The findings stated that at all times during the execution of these orders, Gil knew that he was not properly registered.

The suspension was in effect from July 18, 2016, through August 26, 2016. ([FINRA Case #2015044458102](#))

J. Randall Gladden (CRD #1789356, La Mesa, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the allegations, Gladden consented to the sanctions and to the entry of findings that he

participated in private securities transactions without providing prior written or other notice to his member firm, and without receiving the firm's written approval. The findings stated that Gladden conceived of and participated in creating two funds to make loans to churches, primarily for refinancing their existing real estate loans. Gladden solicited and raised more than \$2.1 million for the funds from investors. Gladden failed to provide his firm with prompt written notice of his participation in the funds' management outside the scope of his relationship with his firm. Gladden did not provide his firm the opportunity to record the transactions on its books and records, or to supervise his participation in the transactions. Gladden falsely stated on annual firm compliance questionnaires that he had not engaged in any capital-raising activities and failed to disclose that he was a principal member of the funds' managers.

The suspension is in effect from August 1, 2016, through July 31, 2017. ([FINRA Case #2014038996201](#))

Jorge Enrique Gutierrez Gomez ([CRD #2246876](#), Palmetto Bay, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Gutierrez Gomez consented to the sanctions and to the entry of findings that he failed to provide prior written notice to his member firm of his outside business activity with a mailbox service, his reasonable expectation of compensation from the outside business activity, or of his actual receipt of compensation from the outside business activity. The findings stated that prior to Gutierrez Gomez joining his firm, he was the managing member of a mail service that provided customers domiciled outside the United States with a private mail box. Just prior to joining the firm, Gutierrez Gomez amended the Articles of Organization of the mail service to remove himself as a managing member. However, while he was employed with the firm, Gutierrez Gomez remained involved with the mail service, acted as the custodian of its bank account, and was paid \$25,000 in compensation.

The suspension was in effect from July 18, 2016, through August 12, 2016. ([FINRA Case #2014042580701](#))

Paul Agree Hack ([CRD #232881](#), Bloomfield Hills, Michigan) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Hack consented to the sanctions and to the entry of findings that he accepted instructions from a customer's husband to withdraw funds totaling at least \$200,000 from the customer's accounts without the customer's written authorization. The findings stated that Hack mistakenly believed that the customer's spouse had authority to make the withdrawals on his customer's behalf. As a consequence, Hack's sales assistants delivered checks to the customer's spouse, drawn on the accounts and made payable to the customer, at Hack's branch office location. Neither Hack nor members of his team obtained an LOA from the customer or received the branch office manager's approval to deliver any checks.

The suspension was in effect from August 15, 2016, through August 26, 2016. ([FINRA Case #2012033996301](#))

Cyrus Lamont Hancock ([CRD #4001051](#), Marietta, Georgia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hancock consented to the sanction and to the entry of findings that he converted funds totaling \$11,000 by depositing two customer checks into his bank account and using the funds without authorization. ([FINRA Case #2015045374701](#))

Elliot Harris ([CRD #2496586](#), Delray Beach, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Harris consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during the course of its investigation into allegations that he recommended unsuitable trades and engaged in unauthorized trading. ([FINRA Case #2015048233601](#))

Darryl Raynard Henderson ([CRD #2125529](#), Evanston, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Henderson consented to the sanctions and to the entry of findings that he willfully failed to timely disclose to his member firm and on his Form U4 a felony charge and subsequent guilty plea. The findings stated that neither the felony charge nor the felony guilty plea was disclosed on Henderson's Form U4 until after FINRA alerted the firm to his criminal history. Henderson misrepresented to his firm on annual questionnaires that he had never been charged with or pleaded guilty to a felony.

The suspension is in effect from July 18, 2016, through September 17, 2016. ([FINRA Case #2014043809301](#))

James Singcham Ho ([CRD #1355188](#), Fresh Meadows, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Ho consented to the sanctions and to the entry of findings that he paid approximately \$275,000 to an unregistered individual for the individual's solicitation and sales of variable universal life insurance policies to customers through Ho's member firm for which Ho was indicated as the broker of record. The findings stated that Ho's payments to the unregistered individual constituted part of Ho's own commissions received for the sales of such policies. Ho stated on the firm's books and records that he was the broker of record for such life insurance policies when he had not participated in the sales, which caused the firm's books and records to be inaccurate.

The suspension is in effect from August 1, 2016, through October 31, 2016. ([FINRA Case #2014043316502](#))

John William Hoekman ([CRD #2455445](#), Old Greenwich, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hoekman consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information during the course of an examination into allegations that without his member firm's knowledge or consent, he engaged in certain outside business activities and participated in private securities transactions. ([FINRA Case #2015045695501](#))

James Francis Jurczak ([CRD #2032940](#), Manchester, Maine) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Jurczak consented to the sanctions and to the entry of findings that he engaged in an outside business activity for compensation without providing prior written notice to his member firm. The findings stated that Jurczak provided college planning consulting services to customers for a fee. This outside business activity was outside the scope of Jurczak's employment relationship with his firm.

The suspension was in effect from August 15, 2016, through September 13, 2016. ([FINRA Case #2015047278601](#))

Seth David Lampman ([CRD #5447712](#), Indianola, Iowa) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Lampman consented to the sanctions and to the entry of findings that he failed to obtain customers' written authorization to exercise discretion in their accounts. The findings stated that Lampman spoke to these customers in the first quarter of 2014 about liquidating positions held for at least 18 months in one fund family and purchasing positions in another fund family. Lampman, however, did not obtain his customers' permission to execute the transactions. Furthermore, Lampman's member firm had not approved his customers' accounts as discretionary.

The suspension was in effect from August 1, 2016, through August 12, 2016. ([FINRA Case #2014042505601](#))

Anthony Martin Lanza ([CRD #1581644](#), Manhattan Beach, California) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Lanza consented to the sanctions and to the entry of findings that he allowed a former customer of his member firm, who had been banned from doing business with the firm, to continue trading through the firm using accounts held in the name of an entity the customer's relatives owned. The findings stated that while knowing the customer was prohibited from doing business at the firm, Lanza opened accounts through which the customer was able to continue to have access to public offerings. Lanza misled the firm by withholding the fact that the customer was controlling trading in the accounts by

submitting inaccurate entries in a firm due diligence system as to the customer's control over the accounts and the referral source for them, who was identified as an individual other than the customer. Contrary to firm policies and procedures, Lanza failed to obtain or file any written documentation for the customer's trading authority in certain accounts. The findings also stated Lanza accepted third-party instructions from the customer without documenting the customer's trading authorization in the firm's books and records, which would have alerted the firm to the customer's circumvention of the firm's trading ban against him. As a result of his conduct, Lanza caused the firm's books and records to be inaccurate.

The suspension is in effect from July 18, 2016, through January 17, 2018. ([FINRA Case #2014043075801](#))

Erica D. Licciardello ([CRD #3229149](#), West Palm Beach, Florida) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Licciardello consented to the sanction and to the entry of findings that she failed to provide FINRA with documents and information during the course of an investigation into allegations that she effected multiple fraudulent electronic fund transfers between her personal bank accounts and her personal firm brokerage account. ([FINRA Case #2015047964101](#))

Ning Lin ([CRD #5227055](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Lin consented to the sanctions and to the entry of findings that he was responsible for round-trip transactions executed at nearly simultaneous times without any apparent change in beneficial ownership, and that all of the transactions were done for the sole purpose of resetting the age of positions held in Lin's trading book that were subject to holding period limitations imposed by his member firm. The findings stated that Lin's firm had an aging policy that limited the amount of time that bonds could be held in inventory. Lin knew about the aging policy and should have known about the pre-arranged trading policy. Lin came to believe he could reset the age of positions by placing an order with an interdealer broker to buy and to sell the bonds at prices that were based on those reported by other recent market participants. Lin believed this would reset the age because his firm's system tracked book positions on a first-in, first-out basis, meaning that when a position was sold, the oldest shares of that position were treated as sold for purposes of the aging policy.

The findings also stated that Lin effectuated trade pairs in which he would contact a trader at a broker-dealer firm which was affiliated with and partially owned by Lin's firm, and simultaneously buy and then sell, or sell and then buy, the same quantity of the same bonds. In each instance, Lin dictated both prices ahead of the trades, and the ensuing trades entered by the other trader matched those prices. Each subsequent trade pair resulted in a similar commission to the other firm. The findings also included that by conducting the

trading activity, Lin caused both firms to publish or circulate reports of the transactions to TRACE. Other than avoiding the firm's aging limit, Lin did not have any reason to conduct such trading activity. When Lin learned that the trades would not affect the subject bonds' aging status, he ceased making such trades.

The suspension was in effect from August 1, 2016, through August 12, 2016. ([FINRA Case #201604988301](#))

James Earl Mahan ([CRD #5787176](#), New Braunfels, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mahan consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony after his member firm filed an amended Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that he was under internal review for recommending an unapproved outside investment to a client of the firm. ([FINRA Case #2015047115101](#))

James Coleman McCormick Jr. ([CRD #2677703](#), Harrisonburg, Virginia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McCormick consented to the sanction and to the entry of findings that he refused to appear for FINRA-requested testimony as part of an investigation into the circumstances surrounding his termination from his member firm and customer complaints against him that the firm had reported on his Form U5. ([FINRA Case #2015048249901](#))

Jaime Jassid Menahem ([CRD #5992848](#), Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Menahem consented to the sanctions and to the entry of findings that he falsely represented on a wire transfer request form and to an investigator at his member firm that he had personally confirmed a wire request with a customer over the telephone. The findings stated that by doing so, Menahem caused his firm to maintain inaccurate books and records.

The suspension was in effect from July 18, 2016, through August 16, 2016. ([FINRA Case #2015044972001](#))

Victor Michel ([CRD #2689456](#), Austin, Texas) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Michel consented to the sanctions and to the entry of findings that he used his personal, non-member firm email account to correspond with a firm customer concerning firm-related business without the firm's knowledge or approval. The findings stated that Michel failed to cause the emails to be sent or directed to a firm email account, and he failed to retain copies of all of the emails in electronic or other form. As a result, Michel's firm could not discharge its supervisory and recordkeeping obligations regarding electronic business correspondence.

The findings also stated that Michel settled a customer complaint without providing notice of the complaint or settlement to his firm. Michel became aware that his customer was unhappy with commissions charged in their account. To appease the customer and to reimburse the customer for commissions, Michel paid the customer by check without the firm's knowledge or consent.

The suspension is in effect from August 1, 2016, through September 30, 2016. ([FINRA Case #2015043979001](#))

Vadar Nasim (CRD #6130245, Tacoma, Washington) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Nasim consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during the course of its investigation into allegations that he borrowed money from an elderly customer of his member firm. ([FINRA Case #2016050146201](#))

Michael Thomas Nicoll (CRD #4945162, Bay Shore, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Nicoll consented to the sanctions and to the entry of findings that he failed to timely respond to FINRA requests for documents and information in connection with its investigation into the disclosure on Nicoll's Form U5 stating that he was discharged because he failed to report material events.

The suspension is in effect from August 1, 2016, through January 31, 2017. ([FINRA Case #2015047782402](#))

Anthony Uzoma Ogbonna (CRD #2771427, Blue Island, Illinois) was assessed a deferred fine totaling \$15,000 and suspended from association with any FINRA member in any capacity for a total of 15 months. The sanctions were based on findings that Ogbonna failed to timely respond to FINRA requests for information and documents related to an investigation into the circumstances leading to his termination from his member firm, and failed to timely appear and provide testimony for an on-the-record interview. The findings stated that Ogbonna willfully failed to update his Form U4 to disclose the existence of a judgment entered against him. In addition, Ogbonna completed an annual compliance certification questionnaire for his member firm in which he falsely stated that he did not have any unsatisfied judgments or liens that he had not previously reported to the firm.

The suspension is in effect from July 18, 2016, through October 17, 2017. ([FINRA Case #2014040437703](#))

Paul Steven Plemenos (CRD #2193190, Sparta, New Jersey) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Plemenos consented to

the sanctions and to the entry of findings that he executed discretionary transactions in customer accounts without the customers' written authorization and without having his member firm's approval of the accounts as discretionary. The findings stated that Plemenos provided false responses on his firm's annual compliance questionnaires, inaccurately indicating that he had not exercised discretion in any customer accounts.

The suspension was in effect from August 15, 2016, through September 13, 2016. ([FINRA Case #2015046190601](#))

Jack Alan Quick ([CRD #2348222](#), Carver, Minnesota) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Quick consented to the sanctions and to the entry of findings that he settled a customer complaint away from his member firm. The findings stated that following Quick's customers informing him of their displeasure of an Indexed Universal Life Insurance Policy, Quick informed them of the surrender charge. In order to diffuse the situation, Quick offered to reimburse the customers for the surrender charge, which at the time of the surrender was \$5,448. The customers agreed to the reimbursement and accepted a check from Quick for \$5,448. Quick did not inform his firm of the complaint by his customers or of his payment to them.

The suspension was in effect from August 1, 2016, through August 12, 2016. ([FINRA Case #2015044165401](#))

Lawrence Randolph Roberson ([CRD #1347434](#), Southfield, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Roberson consented to the sanction and to the entry of findings that he made material misrepresentations and omissions in the sale of a \$40,000 bond debenture to a customer when the purported investment was not a genuine security. Roberson did not invest the customer's funds and instead converted the funds to pay for his personal expenses. As a result of his conduct, Roberson willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020. ([FINRA Case #2016050182001](#))

Nathan Silva ([CRD #5291177](#), Pasadena, Maryland) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Silva consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony as part of an investigation into allegations of misconduct against him. ([FINRA Case #2014042689701](#))

Robert Bret Silva ([CRD #5193285](#), Pasadena, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Silva consented to the sanctions and to the entry of findings that he engaged in an outside

business activity as the owner, sole officer and director of his own company, without providing prior written notice to his member firm. The findings stated that Silva, acting through his company, demanded payment for forensic analysis he conducted prior to joining the firm, of an individual's investment portfolio held at another FINRA member and pension plan assets, with the expectation of receiving compensation of \$10,000.

The suspension was in effect from July 18, 2016, through August 12, 2016. ([FINRA Case #2015044640101](#))

Robert Thomas Tuffy (CRD #1201052, East Brunswick, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Tuffy consented to the sanctions and to the entry of findings that he executed trades in a customer's accounts prior to receiving the customer's authorization.

The suspension was in effect from August 1, 2016, through August 26, 2016. ([FINRA Case #2015047200201](#))

Harvey Britton Vaughn Jr. (CRD #500700, Austin, Texas) was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for nine months. The sanctions were based on findings that Vaughn willfully failed to timely amend his Form U4 to disclose a bankruptcy petition and federal tax lien. The findings stated that Vaughn misled his member firm by falsely completing an employee attestation stating no changes were necessary for his Form U4.

The suspension is in effect from July 18, 2016, through April 17, 2017. ([FINRA Case #2015045409001](#))

Thomas A. Vigil (CRD #3269058, Saunderstown, Rhode Island) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Vigil consented to the sanctions and to the entry of findings that he impersonated a customer on a telephone call to an insurance company in order to obtain an annuity surrender form. The findings stated that Vigil falsified the same customer's 403(b) rollover request form by whitening out the date on an earlier, validly signed form, and writing in the then-current date. Vigil did this without the customer's knowledge or consent. Vigil initially denied altering the rollover form when his member firm questioned him, but later acknowledged the misconduct. The findings also stated that Vigil forged another customer's signature on a change of broker-dealer form without the customer's knowledge or consent. Vigil initially denied forging the customer's signature in a statement to his firm, but later acknowledged the misconduct.

The suspension is in effect from August 15, 2016, through February 14, 2017. ([FINRA Case #2014040301001](#))

Christopher Lawrence Wacker ([CRD #3028507](#), Oak Creek, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Wacker consented to the sanctions and to the entry of findings that in connection with fabricated order tickets, Wacker made false statements to personnel on his member firm's trading desk that he had spoken with a customer regarding her purported sell orders on several occasions, when he had not done so. The findings stated that an unregistered administrative assistant in Wacker's office fabricated the order tickets to direct the sale of securities from the customer's account without the customer's knowledge or consent, and the assistant gave the tickets to Wacker to execute.

The suspension is in effect from July 18, 2016, through September 17, 2016. ([FINRA Case #2014041510201](#))

Nickolas Vernon Waggoner ([CRD #6111575](#), Hawthorne, California) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Waggoner consented to the sanctions and to the entry of findings that he intentionally provided a credit company with false information to improperly obtain credit cards for a friend who intended to use them in a ticket resale business. The findings stated in return for the obtaining the cards, Waggoner expected to receive card reward points that would be generated from his friend's purchases on the cards. Waggoner failed to provide prior written notice of this outside business activity to his member firm. The firm intercepted the cards before they were activated.

The suspension is in effect from July 18, 2016, through January 17, 2018. ([FINRA Case #2015045911901](#))

Dustin Cain Walsh ([CRD #5774295](#), Pacific, Missouri) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Walsh consented to the sanctions and to the entry of findings that he engaged in undisclosed outside business activities as a real estate agent after his member firm on multiple occasions expressly prohibited his participation in such activities.

The suspension was in effect from July 18, 2016, through August 31, 2016. ([FINRA Case #2015046660801](#))

Shaun Darnell Young ([CRD #2837873](#), Neosho, Missouri) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any principal capacity for six months. Young's limited ability to pay has been considered in connection with the monetary sanction imposed. Without admitting or denying the findings, Young consented to the sanctions and to the entry of findings that between June 2013 and June 2014, he failed to ensure that his member firm performed a review of its representatives' electronic correspondence. The findings stated that during

that time, Young was president and CEO of the firm. In addition, between November 2013 and March 2014, Young also served as the firm's CCO. Under the firm's WSPs, the CCO was directly responsible for conducting this review. Young failed to establish an adequate branch inspection program, failed to ensure that scheduled branch office inspections were conducted, and failed to ensure that reports of branch office inspections were completed properly. In addition, Young submitted a false annual report and a false certification regarding the firm's supervisory controls for 2013. FINRA identified these and other supervisory deficiencies at the firm in examinations conducted in 2013 and 2014. As the firm's president and CEO during and after both examinations, Young was aware of the firm's deficiencies but failed to ensure that the firm took action to correct them. Nonetheless, Young again completed an annual report and certification stating that the firm's supervisory processes and controls were adequate. These problems continued through June 2015, when FINRA conducted another examination of the firm. Young was ultimately responsible for ensuring that the firm took steps to correct the problems, yet failed to do so.

The suspension is in effect from July 18, 2016, through January 17, 2017. ([FINRA Case #2014039194103](#))

George Anthony Zedan ([CRD #3073261](#), Whittier, California) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Zedan consented to the sanction and to the entry of findings that he made improper use of and converted an elderly customer's funds. The findings stated that Zedan proposed that he and the customer jointly purchase residential property for renovation and resale. The purported real estate venture agreement was not reduced to writing. Following discussions with Zedan, the customer liquidated securities in her account to use in the purported real estate venture with Zedan. Zedan's member firm issued a check in the amount of \$300,000 to the customer. At the direction of Zedan, the customer deposited a check in the amount of \$300,000 into her personal bank account and then wrote a personal check made out to Zedan in the amount of \$300,000. In the memo line of the check, the customer wrote "real estate." After depositing the customer's check into his personal bank account, Zedan failed to use the funds to purchase real estate. In fact, Zedan never identified any properties to place bids on, nor did he place bids on any properties or apply for any loans for the purchase of any property. Instead, without the customer's knowledge or consent, Zedan proceeded to convert the customer's funds to his personal use, spending approximately \$17,000 of the customer's funds before Zedan's bank placed a hold on his account. The next day, a bank investigator called the police to report possible elder abuse in connection with the \$300,000 check that the customer provided to Zedan; and in early December 2012, a felony complaint was initiated. The case against Zedan was dismissed in February 2013 due to the fact that the elderly customer had died. The findings also stated that Zedan failed to respond and failed to fully and timely respond to various FINRA requests for documents and information during the course of its investigation. ([FINRA Case #2013038377001](#))

Individual Fined

Mark Elliott Backes ([CRD #4102325](#), Longboat Key, Florida) submitted an AWC in which he was censured and fined \$10,000. Without admitting or denying the findings, Backes consented to the sanctions and to the entry of findings that as his member firm's CCO and principal responsible for its supervisory control system, he failed to establish, maintain and prepare a report evidencing a supervisory control system with respect to mutual fund switching. The findings stated that Backes did not prepare an annual report regarding the firm's supervisory control system. Instead, the firm maintained notes from an annual compliance meeting, which did not detail the firm's supervisory control system or summarize its test results. In addition, Backes did not establish or maintain a supervisory control system to test and verify the firm's supervisory procedures with regard to mutual fund switching or ensure that the firm adequately tested or verified the effectiveness of its supervisory procedures with respect to mutual fund switching. The firm's Mutual Fund Switch Letter procedure was not tested or verified through an effective supervisory control mechanism, such as risk-based surveillance. Likewise, the firm's random account review process was not tested or verified through an effective supervisory control mechanism, such as review of the error and confidence level associated with its sampling size and methodology. As a result, the firm did not identify that its supervisory procedures with respect to mutual fund switching were not reasonably designed to achieve compliance with applicable laws and regulations. ([FINRA Case #2013035057602](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of July 31, 2016. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Richard Gomez ([CRD #4727721](#), Jackson Heights, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Gomez recommended the securities of two companies without a reasonable basis to conclude that the investments were suitable for any customer. The findings stated that Gomez did virtually no investigation beforehand and failed to follow up on numerous red flags presented to him. Most significantly, while one company and its entities claimed to hold hundreds of millions of dollars in pre-initial public offering stock, Gomez never independently verified those claims. When he asked questions, nobody at the company, the issuers of the stock, or the private equity firms through which the company purportedly had acquired its stock, would talk to him. In the end, Gomez based his diligence on the company almost exclusively on what was told to him by the company's founder and one of its employees, or on information gathered from a handful of websites affiliated with the company's founder. Gomez admits that he did not even search the SEC's website during his

investigation of the company. Gomez's investigation of the other company was similarly limited since he primarily relied on information provided to him by the company's founder and other registered representatives associated with other FINRA-member firms. When Gomez questioned one of the representatives about the resignation of the company's CEO, he took at face value the explanation that the CEO had resigned because he believed the company might be bought before it went public, and that there was nothing more for the CEO to do. Gomez was also unable to confirm what he had been told about a FINRA member firm being the second-largest shareholder in the company, and failed to press one of the registered representatives for answers to his questions regarding the firm's shareholder status.

The findings also stated that Gomez admitted to selling away from his member firm the companies' securities while registered at the firm. None of the companies, or their entities, were on his firm's approved product list. Gomez received more than \$36,000 in commissions from his transactions in the two companies. The Hearing Panel found that FINRA failed to prove that Gomez acted with scienter and dismissed the first cause of action which alleged that he violated Section 10(b) of the Exchange Act and Rule 10b-5 and FINRA Rules 2010 and 2020.

This matter has been appealed to the NAC and the sanction is not in effect pending review. FINRA cross-appealed to the NAC the Hearing Panel's determination and dismissal of the allegation that Gomez did not act with scienter. ([FINRA Case #2011030293503](#))

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.

First Financial Equity Corporation ([CRD #16507](#), Scottsdale, Arizona) and Melissa Ann Strouse ([CRD #3200452](#), Cave Creek, Arizona) were named respondents in a FINRA complaint alleging that the firm failed to establish and maintain an adequate supervisory system. The complaint alleges that the firm failed to establish and maintain procedures regarding the appropriateness of fee-based accounts for firm customers, and failed to have either a system or procedures in place to ensure that advisory products and services were appropriate for customers and that charges for such services were reasonable. The firm also failed to implement a supervisory system to adequately supervise customer account activity in its main office, including monitoring for potential churning and excessive trading, and monitoring discretionary accounts. In addition, the firm failed to maintain and enforce a supervisory system, including written procedures, related to the supervision of its

options business conducted at the main office. The firm, in contravention of its WSPs and FINRA/NASD rules, failed to have a registered options principal and/or senior registered options principal conduct daily reviews of options transactions to ensure that there were not any improper activities. The firm had its risk assessment manager review and supervise options transactions, even though the individual was not registered as an options principal. The complaint also alleges that the firm's WSPs did not reflect the firm's actual processes and procedures with respect to the review and/or supervision of customer accounts. Moreover, the WSPs were not amended to reflect the firm's actual procedures. Strouse was the firm's CCO and was responsible for reviewing the firm's WSPs to ensure they covered all required areas. The firm's procedures for conducting heightened supervision of registered representatives were inadequate in that the procedures did not detail how surveillance reviews were to be conducted, the frequency of the reviews, and how the reviews were to be evidenced. Similarly, the firm had inadequate procedures with respect to the reasonable-basis suitability requirements under FINRA Rule 2111, in that the firm had inadequate processes and procedures to ensure that requisite customer information was obtained prior to firm representatives recommending securities and/or investment strategies involving securities to firm customers. Although the firm recommended and sold exchange-traded funds (ETFs) (including leveraged and inverse ETFs) to its customers, the firm did not have any written procedures for the supervision, approval, and sale of ETFs.

The complaint further alleges that the firm's discretionary account procedures were not enforced. Strouse did not approve, in writing, each order entered for discretionary accounts, and did not review discretionary account statements for the main office and, therefore, failed to enforce the firm's WSPs in this regard. Strouse also failed to conduct reviews for churning and excessive trading. In addition, the complaint alleges that the firm failed to reasonably supervise a registered representative. After the firm's risk manager identified certain commissions being charged by the registered representative as being excessive, the firm failed to take reasonable steps to supervise and address the same. Moreover, the complaint alleges that during the years 2010 and 2011, the firm's CEO certifications were inadequate; and for the years 2012 and 2013, the firm did not complete CEO certifications as required. Furthermore, the complaint alleges that the firm did not enforce its supervisory control procedures relating to producing managers. In particular, the firm did not properly calculate the 20 percent threshold to identify whether any producing managers should be placed on heightened supervision, and failed to identify certain individuals as producing managers. Additionally, the firm failed to create a report detailing a system of supervisory control policies, summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to the test results. ([FINRA Case #2013034966701](#))

David Oscar Braeager ([CRD #2137240](#), Bayside, Wisconsin) was named a respondent in a FINRA complaint alleging that he failed to follow customers' instructions and improperly used and converted \$30,000 in customers' funds. The complaint alleges that the customers, a husband and wife, provided Braeager with funds for investment in a private offering for

an entity that he founded and managed. Instead of depositing the customers' funds into the escrow account for the entity's offering or causing them to be deposited at the escrow agent for the fund, Braeger endorsed the customers' check and caused it to be deposited elsewhere. Braeger never invested the monies as instructed and never returned them to his customers. The complaint also alleges that Braeger made written and oral intentional misrepresentations and omissions to the customers concerning the entity that he founded and managed. Braeger misrepresented and omitted to disclose the status of the entity, falsely told the customers that the fund was open and was performing fairly, even though he had caused it to be closed and liquidated, and returned funds to the entity's investors other than the two customers. Braeger also made written misrepresentations to the customers that the entity's funds were frozen, unavailable or lost due to a clearing firm's bankruptcy. Braeger provided quarterly account statements to the customers, which falsely stated that their funds were invested in the entity. The customers' funds were never received into the entity's escrow account at a bank and never invested in the entity's commodities/futures accounts at a clearing firm. Braeger further misled the customers into believing their funds had been invested by providing them with annual tax documents that falsely ascribed a value and percentage share for their interest in the entity for three tax years even though Braeger had closed, liquidated and dissolved the entity. ([FINRA Case #2015045456401](#))

William Norris Jordan Jr. (CRD #1385105, Philadelphia, Pennsylvania) was named a respondent in a FINRA complaint alleging that he engaged in a fraudulent and deceptive scheme involving the offer, sale and execution of seven sets of pre-arranged, round-trip transactions in municipal securities. The complaint alleges that Jordan sold municipal securities to an inter-dealer broker and simultaneously purchased the same securities back from the same inter-dealer broker at a slightly higher price. The pre-arranged round-trip transactions between Jordan and the inter-dealer broker had the effect, and were done for the purpose of, creating a false appearance of market activity in these municipal securities. The pre-arranged, round-trip transactions were reported to the Municipal Securities Rulemaking Board's (MSRB) Real-time Reporting System (RTRS) and publicly disseminated by the EMMA system. The complaint also alleges that Jordan employed the fraudulent pre-arranged trading scheme involving the sets of municipal securities transactions to disguise his member firm's acquisition cost and the true nature and amount of the mark-ups charged to the firm's customers. The complaint further alleges that as part of the fraudulent pre-arranged trading scheme, Jordan did not disclose to the firm's customers or other broker-dealers that he sold and simultaneously repurchased the municipal securities from the same inter-dealer broker in the pre-arranged transactions. Jordan did not disclose to customers or other broker-dealers the existence of his fraudulent scheme, the resulting increase in the reported transaction prices, or the profits he made in connection with the pre-arranged, round-trip transactions. In connection with the fraudulent, pre-arranged, round-trip trading scheme, Jordan made approximately \$66,493.55 in undisclosed profits. By engaging in such misconduct, Jordan willfully violated Section 10(b) of the Exchange Act

and Rule 10b-5 and MSRB Rule G-17. In addition, the complaint alleges that in connection with the execution of six pre-arranged, round-trip transactions, Jordan sold municipal securities to the firm's customers at aggregate prices (including any mark-up) at prices that were not fair or reasonable under the circumstances. By engaging in such misconduct, Jordan willfully violated MSRB Rules G-17 and G-30. Moreover, the complaint alleges that Jordan also published and caused the firm to publish reports to the MSRB of purchase and sale transactions in municipal securities that he knew, or had reason to believe, were fictitious and in furtherance of a fraudulent, deceptive or manipulative purpose, in willful violation of MSRB Rules G-14 and G-17. Furthermore, the complaint alleges that Jordan provided a false written statement to the firm and FINRA in response to a FINRA information request, and provided false testimony during on-the-record interviews. ([FINRA Case #2012031748203](#))

Michael Scott Lavolpe ([CRD #5054798](#), Brooklyn, New York) was named a respondent in a FINRA complaint alleging that he failed to respond to FINRA requests for documents and information as part of an examination in connection with, *inter alia*, Lavolpe's allegedly unsuitable activity in a customer's account. ([FINRA Case #2015047559201](#))

Bo Li ([CRD #5711148](#), Draper, Utah) was named a respondent in a FINRA complaint alleging that he twice failed to appear and provide FINRA with on-the-record testimony in connection with an investigation into whether Li structured transactions into his personal bank accounts for the purpose of evading the filing of a Currency Transaction Report and whether Li had violated NASD or FINRA rules in connection with certain deposits made into his personal banking accounts. ([FINRA Case #2014043420401](#))

Robert Edward Loftus ([CRD #1357423](#), New York, New York) was named a respondent in a FINRA complaint alleging that he deposited checks that were drawn on his personal checking account into the brokerage account that he held with his member firm, when he knew or should have known that he lacked sufficient funds to cover the checks. The complaint alleges that Loftus deposited the worthless personal checks in order to benefit temporarily from the "float" on the checks, and, more specifically, to artificially inflate the balance in his firm account and prevent checks that he had written against his firm account from bouncing. The firm paid the checks in reliance upon the artificially inflated balance in Loftus' firm account. ([FINRA Case #2013037575801](#))

Natalie E. Fogiel Moon ([CRD #5010360](#), Dallas, Texas) and **Neal Charles Moon** ([CRD #3271716](#), Dallas, Texas) were named respondents in a FINRA complaint alleging that they participated in private securities transactions in which six customers invested a total of \$2.64 million in three different entities without providing prior written notice to their member firm. The complaint alleges that all of the transactions were effected outside the scope of Fogiel Moon and Moon's employment with their firm. The complaint also alleges that Moon lied to firm investigators when first questioned about his participation in certain private securities transactions. Moon said his customers were withdrawing money from

their firm accounts to contest a lawsuit involving real property they owned in a foreign country. Moon's representations were false and he admitted to firm investigators that he lied to them. Moon also falsely certified to the firm in annual compliance questionnaires that he had not participated in any private securities transactions. ([FINRA Case #2015046926801](#))

Jeffery Allen Vaughn ([CRD #2124515](#), Mason, Ohio) was named a respondent in an amended FINRA complaint alleging that he failed to timely respond to FINRA's requests for information and documents in connection with an inquiry into a Form U5 filed by his member firm that stated he had been terminated due to outstanding tax obligations. The complaint alleges that Vaughn willfully caused the filing of false and misleading information on his Form U4 regarding the basis for his previous suspension from association with FINRA member firms. The complaint also alleges that Vaughn provided false and misleading information to his firm in a signed letter about the basis for his previous suspension from association with FINRA member firms. The complaint further alleges that Vaughn willfully failed to timely disclose unsatisfied Ohio state tax liens on his Form U4. In addition, the complaint alleges that Vaughn willfully failed to timely disclose on his Form U4 a consent order with the State of Ohio Department of Insurance. Furthermore, the complaint alleges that Vaughn failed to respond to FINRA's post-complaint requests for information and documents. ([FINRA Case #2013037097602](#))

Katherine Ann White ([CRD #1362036](#), Athens, Illinois) was named a respondent in a FINRA complaint alleging that she borrowed \$10,000 from a customer without notifying her member firm or obtaining its written pre-approval. ([FINRA Case #2015045601401](#))

Firms Expelled for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

ACN Securities Inc. (CRD #37645)
New York, New York
(July 22, 2016)

Avior Capital, LLC (CRD #44732)
San Diego, California
(July 29, 2016)

Firms Cancelled for Failure to Pay Outstanding Annual Assessment Fee Pursuant to FINRA Rule 9553

BlackBook Capital, LLC (CRD #123234)
Hillside, New Jersey
(July 22, 2016)

YieldQuest Securities, LLC (CRD #135041)
Atlanta, Georgia
(July 14, 2016)

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.)

Avior Capital, LLC (CRD #44732)
San Diego, California
(July 8, 2016)

Bonwick Capital Partners, LLC (CRD #156469)
New York, New York
(July 14, 2016)
FINRA Case #20160495508/FPI160005

Brian Cohn, Incorporated (CRD #15249)
Vint Hill, Virginia
(July 11, 2016)

Eventurelink Securities Inc. (CRD #36755)
Los Angeles, California
(July 21, 2016)

Fairbridge Capital Markets (CRD #103818)
Guaynabo, Puerto Rico
(July 11, 2016)
FINRA Case #20160495496/FPI160004

Firms Suspended for Financial or Operational Difficulties Pursuant to FINRA Rule 9557

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

Merriman Capital, Inc. (CRD #18296)
New York, New York
(July 18, 2016)
FINRA Case #20160505679/FR160001

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.)

Francisco Javier Camacho (CRD #6168235)
Cathedral City, California
(July 18, 2016)
FINRA Case #2016048509201

Christopher Michael Cervino (CRD #2778817)
Franklin Lakes, New Jersey
(July 25, 2016)
FINRA Case #2014042949703

John Vernon Heath (CRD #2331052)
Bloomington, Minnesota
(July 15, 2016)
FINRA Case #2016049152501

Steven Shane Horton (CRD #4745108)

Glenwood, Iowa
(July 25, 2016)
FINRA Case #2016048435601

Holly Hurley (ID #11060291)

Derry, New Hampshire
(July 18, 2016)
FINRA Case #2016048831501

Christos Angelo Kalatoudis (CRD #4888800)

Oceanside, New York
(July 22, 2016)
FINRA Case #2015047385601

Elias Nicholas Katsis (CRD #4332609)

Rocky Point, New York
(July 8, 2016)
FINRA Case #2015045028901

Jaoshiang Luo (CRD #2143876)

Flushing, New York
(July 8, 2016)
FINRA Case #2014043624101

Donald Lyons (CRD #5692011)

Banning, California
(July 28, 2016)
FINRA Case #2015047852801

Krista Viola Milligan (CRD #5218081)

Galt, California
(July 25, 2016)
FINRA Case #2016048755601

Kevin Michael Murphy (CRD #4020785)

Phoenix, Arizona
(July 18, 2016)
FINRA Case #2016048549301

Andrew Scott Oliveri (CRD #6098853)

Glastonbury, Connecticut
(July 18, 2016)
FINRA Case #2015047837601

David Thomas Owen III (CRD #1105997)

Hartville, Ohio
(July 22, 2016)
FINRA Case #2015047840501

Kimberly Joyce Padgett (CRD #4982765)

Belton, Missouri
(July 28, 2016)
FINRA Case #2015047910501

Paul M. Pemberton (CRD #5777651)

Indianapolis, Indiana
(July 25, 2016)
FINRA Case #2015048317101

**Claudia P. Phillips-Thompson
(CRD #2844004)**

Carlsbad, New Mexico
(July 18, 2016)
FINRA Case #2015047907701

Paris Marquis Rembert (CRD #6380738)

Chicago, Illinois
(July 18, 2016)
FINRA Case #2015048317201

Rafael Santiago (CRD #2494647)

Bronx, New York
(July 22, 2016)
FINRA Case #2014042949702

Dennis Kevin Smith (CRD #836628)

Leonardo, New Jersey
(July 28, 2016)
FINRA Case #2015047852802

Jonathon William Sullivan (CRD #6558363)

Tacoma, Washington
(July 7, 2016)
FINRA Case #2016048923401

Michael David Woodard (CRD #3270674)

Austin, Texas
(July 8, 2016)
FINRA Case #2015047350601

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.)

Juan C. Alejos (CRD #4108723)
Elmsford, New York
(July 15, 2016)
FINRA Case #2015043443301

Fontaine Boutwell (CRD #2233629)
Jacksonville, Florida
(July 11, 2016)
FINRA Case #2015048159401

Scott Thomas Cross (CRD #5701656)
Little Rock, Arkansas
(July 25, 2016)
FINRA Case #2016049281901

Nancy Elaine De Leeuw (CRD #6326061)
Tyler, Texas
(July 25, 2016)
FINRA Case #2016049903301

Perry De Leeuw (CRD #4792703)
Jacksonville, Texas
(July 11, 2016)
FINRA Case #2016049660401

Daniel Erlichman (CRD #4024956)
New York, New York
(July 5, 2016)
FINRA Case #2016048754201

Mikhail Filshinskiy (CRD #4351030)
Brooklyn, New York
(July 5, 2016)
FINRA Case #2015048323901

Judan Mae Flanagan (CRD #4761246)
Plymouth, Michigan
(July 5, 2016)
FINRA Case #2016048971301

Dean Scott Friedman (CRD #2366709)
Roslyn Estates, New York
(July 21, 2016)
FINRA Case #2015048309601

Salvatore Gioe (CRD #4390976)
Bayside, New York
(July 25, 2016)
FINRA Case #2016048490401

Bryon Timothy Glime (CRD #4977989)
Federalsburg, Maryland
(July 8, 2016)
FINRA Case #2015047099101

Clay Emerson Hoffman (CRD #4371162)
Brunswick, Georgia
(July 5, 2016)
FINRA Case #2015045207701

Garland Sean James (CRD #2308721)
Cambria Heights, New York
(July 5, 2016)
FINRA Case #2015047471301

Kalid Morgan Jones (CRD #6478212)
St. Albans, New York
(July 18, 2016)
FINRA Case #2016049290501

Edward Hyunsoo Kim (CRD #1981923)
Las Vegas, Nevada
(July 14, 2016)
FINRA Case #2016049949901

Justin Anthony Krutsinger (CRD #6062011)
Westminster, Colorado
(July 5, 2016)
FINRA Case #2015048199301

Rhonda Janeen Matthews (CRD #2327925)

Wimberley, Texas
(July 11, 2016)
FINRA Case #2015048158201

Jared Howard Morgan (CRD #5858873)

Orlando, Florida
(July 5, 2016)
FINRA Case #2015046126901

Shaun Thomas Nagle (CRD #2291674)

Pawcatuck, Connecticut
(July 1, 2016)
FINRA Case #2015047507901

Alfonso Papa (CRD #6016829)

Allentown, Pennsylvania
(May 13, 2016 – July 19, 2016)
FINRA Case #2016048730601

Robin Thomas Pledger (CRD #6206439)

Athens, Georgia
(July 25, 2016)
FINRA Case #2015047908001

Meaghan Mary Rumsey (CRD #3067639)

Poughkeepsie, New York
(July 11, 2016)
FINRA Case #2016048726701

Robert Keith Smith (CRD #4073384)

Mobile, Alabama
(April 25, 2016 – July 12, 2016)
FINRA Case #2013038456101

Melba Reyes Talbot (CRD #1088427)

Crossville, Tennessee
(July 8, 2016)
FINRA Case #2015045436601

Jonathan Andrew Trotman (CRD #6241037)

Brooklyn, New York
(July 5, 2016)
FINRA Case #2015045435401

Daniel Benjamin Vazquez Sr.

(CRD #3141463)
Irvine, California
(July 5, 2016)
FINRA Case #2016049471201

Richard Diego Vega (CRD #3232067)

Bluffton, South Carolina
(July 25, 2016)
FINRA Case #2016049256301

Cheryl Lynn Wallace (CRD #4839255)

Henderson, Nevada
(July 25, 2016)
FINRA Case #2016049316401

Martinette Jeske Witrick (CRD #707935)

Lafayette, Colorado
(July 5, 2016)
FINRA Case #2016049661901

Lance Jeffrey Ziesemer (CRD #2342087)

Waconia, Minnesota
(July 18, 2016)
FINRA Case #2016049847001

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554

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

Thomas Kevin Ambrose (CRD #871838)

Landenberg, Pennsylvania
(July 26, 2016)
FINRA Arbitration Case #13-03471

Robert Joseph Burke III (CRD #4673092)

St. Petersburg, Florida
(July 22, 2016 – August 2, 2016)
FINRA Arbitration Case #14-02493

Lewis Adam Davis (CRD #5214266)

Louisville, Colorado
(July 12, 2016)
FINRA Arbitration Case #15-02102

Robert Gail Dull (CRD #1821389)

Greer, South Carolina
(January 6, 2016 – July 7, 2016)
FINRA Arbitration Case #14-02886

Karen Suzanne Kane (CRD #2332138)

Carmel, Indiana
(March 23, 2016 – July 22, 2016)
FINRA Arbitration Case #14-03165

Devon Coulin McLean (CRD #4072332)

Suwanee, Florida
(July 29, 2016)
FINRA Arbitration Case #15-02322

Patrick Steven Nelson (CRD #3059819)

Aliso Viejo, California
(January 29, 2016 – July 6, 2016)
FINRA Arbitration Case #11-03381

Everett Scoville Walker Jr. (CRD #1799546)

West Hollywood, California
(July 29, 2016)
FINRA Arbitration Case #15-02322

FINRA Fines Prudential Annuities Distributors, Inc. \$950,000 for Failing to Prevent Theft of \$1.3 Million From Elderly Customer's Variable Annuity Account

FINRA fined [Prudential Annuities Distributors, Inc.](#) \$950,000 for failing to detect and prevent a scheme that resulted in the theft of approximately \$1.3 million from an 89-year-old customer's variable annuity account. The firm repeatedly failed to adequately investigate "red flags" that Travis A. Wetzel, a former registered sales assistant at LPL Financial and since-convicted felon, was transferring money from the customer's Prudential variable annuity account to a third-party bank account in his wife's maiden name. FINRA previously barred Wetzel in May 2013. Prudential Annuities and LPL reimbursed the customer in 2013.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Firms must ensure that their supervisory systems and procedures are designed to recognize and follow up on red flags. There were numerous red flags raised over the course of this scheme, and Prudential Annuities Distributors' failure to adequately respond to them allowed an unscrupulous actor to prey on an elderly customer."

FINRA found that, from July 2010 until his misappropriation was discovered in September 2012, Wetzel submitted to Prudential Annuities 114 forged annuity withdrawal requests—four to five withdrawals per month for a total of nearly \$50,000—requesting that Prudential Annuities wire funds from the elderly customer's account to a third-party account in the maiden name of Wetzel's wife. Prudential Annuities repeatedly followed Wetzel's instructions without adequately investigating a variety of red flags that should have alerted the firm to Wetzel's scheme. For example, every transfer request Wetzel submitted triggered an alert, which the firm reviewed but determined erroneously that the withdrawals appeared legitimate, and the firm did not further investigate these alerts. Prudential Annuities personnel also reviewed certain of the withdrawals as part of six quarterly audits and noticed that the funds were being sent to a third party, but concluded that the activity appeared to be legitimate. Also, when alerted that repeated payments were being made from the customer's variable annuity account to the same third-party payee, Prudential Annuities concluded that the withdrawals appeared legitimate, without sufficiently investigating or determining the relationship between the customer and the person receiving funds from the customer's account.

FINRA also found that Prudential Annuities' inadequate supervisory procedures and controls contributed to its failure to detect and prevent Wetzel's fraud. In particular, Prudential Annuities did not have sufficient supervisory procedures or controls to identify repeated transmittals of funds from a customer's account to the same third-party payee.

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