

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

**Wedbush Securities Inc. ([CRD® #877](#), Los Angeles, California) and Edward William Wedbush ([CRD #461221](#), Rancho Santa Fe, California)**

July 19, 2018 – A judgment issued by the United States Court of Appeals for the Ninth Circuit became final in which the firm was fined \$300,000. Mr. Wedbush was fined \$50,000 and suspended from association with any FINRA® member in any principal capacity for 31 days. The United States Court of Appeals for the Ninth Circuit denied the firm and Mr. Wedbush’s petition for review. The sanctions were based on findings that, for five-and-a-half years, the firm committed 158 regulatory reporting violations. Specifically, the firm reported a total of 129 events late on Forms RE-3, Uniform Application for Securities Industry Registration or Transfer (Form U4) and Uniform Termination Notice for Securities Industry Registration (Form U5), and Rule 3070 Reports; reported 18 events inaccurately; and failed to file a total of 11 Forms RE-3, U4 and U5. The findings stated that the firm and Mr. Wedbush failed to reasonably supervise regulatory reporting, failed to effectively and reasonably implement the firm’s supervisory system related to regulatory reporting, failed to act decisively to detect and prevent future regulatory reporting rule violations and failed to implement corrective measures that were timely and sufficient to address the regulatory reporting failures.

The suspension is in effect from August 20, 2018, through September 19, 2018. ([FINRA Case # 2007009404401](#))

**Scottsdale Capital Advisors Corp ([CRD #118786](#), Scottsdale, Arizona), Darrel Michael Cruz ([CRD #2450344](#), Scottsdale, Arizona), Timothy Brian DiBlasi ([CRD #4623652](#), Surprise, Arizona) and John Joseph Hurry ([CRD #2146449](#), Paradise Valley, Arizona)**

July 23, 2018 – A National Adjudicatory Council (NAC) decision was appealed to the Securities and Exchange Commission (SEC). The firm was fined \$1,500,000 and required to obtain an independent consultant to monitor its acceptance and liquidation of microcap securities deposits and review its supervisory procedures related to its microcap securities liquidation business. Cruz was fined \$50,000 and suspended from association with any FINRA member in all capacities for two years. DiBlasi was fined \$50,000 and suspended from association with any FINRA member in all capacities for two years. Hurry was barred from association with any FINRA member in all capacities. On August 6, 2018, the SEC granted a stay to Hurry’s bar subject to the condition that he remain uninvolved in the stock deposit review process and otherwise refrain from managing the affairs of his member firms or of any other SEC registered

## Reported for September 2018

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

broker-dealer during the pendency of the SEC's review of the matter. The NAC affirmed the findings and the sanctions imposed by the Office of Hearing Officers (OHO). The sanctions were based on the findings that the firm acted in contravention of Section 5 of the Securities Act of 1933 by selling millions of shares of unregistered microcap securities without the benefit of a registration exemption. The findings stated that the firm and Cruz, the firm's president during the relevant period, failed to supervise the firm's microcap liquidation business and did not address red flags related to that business. The findings also established that the firm and DiBlasi, the firm's chief compliance officer during the relevant period, failed to establish and maintain supervisory systems, including written supervisory procedures (WSPs), that were reasonably designed to achieve compliance with Section 5 of the Securities Act. Finally, the findings stated that Hurry's conduct was unethical, particularly as it related to his creation, management and control of a foreign broker-dealer that acted as the firm's customer in the case.

The sanctions are not in effect pending review. ([FINRA Case #2014041724601](#))

**Vanderbilt Securities, LLC ([CRD #5953](#), Woodbury, New York) and Barry Alan Champney ([CRD #731205](#), Massapequa Park, New York)**

July 26, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$100,000. Champney was fined \$5,000, suspended from association with any FINRA member in any principal capacity for three months and ordered to requalify as a principal by passing the requisite examination or examinations before acting in any principal capacity with any FINRA member. Without admitting or denying the findings, the firm and Champney consented to the sanctions and to the entry of findings that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to identify and prevent unsuitable excessive trading and churning in customer accounts. The findings stated that although the firm's WSPs acknowledged that frequent transactions in the same security could be unsuitable, they did not provide any guidance for detecting or preventing excessive trading or churning. The firm did not systemically track the turnover rates and cost-to-equity ratios in customer accounts. The firm's WSPs did not address its monthly activity report that identified accounts in which there were more than 40 trades in a particular month, or provide any guidance about how to use it. In addition, the report did not capture patterns of activity across multiple months. Champney reviewed the firm's monthly report and determined, in his discretion, whether the appearance of a customer account on the report warranted action. The firm's WSPs did not provide any guidance about how to determine whether further action was warranted, and did not require that any action be taken when a customer's account appeared on the activity report. In certain instances, Champney had the firm send customers a satisfaction letter when their accounts appeared on the report. However, this form letter did not contain any information about the level of trading in the account or any losses or commissions associated with those transactions. Additionally, the firm's WSPs did not provide guidance about whether or not any steps should be taken if a

customer did not acknowledge a satisfaction letter, even though the letter requested that customers acknowledge receipt of the letter. The findings also stated that Champney failed to reasonably supervise a registered representative for whom he was the direct business-line supervisor. The representative effected more than 3,500 transactions in a 93-year-old retired customer's accounts, which resulted in approximately \$723,000 in trading losses and generated approximately \$735,000 in commissions and markups for the representative and the firm. Champney observed numerous red flags indicating that the representative was engaging in misconduct in the customer's accounts and did not reasonably respond to these red flags. Champney became aware of continued trading, losses and commissions in the customer's accounts, observed that the customer's accounts appeared on the firm's activity report 23 out of 30 months and that the customer experienced heavy losses and paid significant commissions. Champney knew that the customer called the representative nearly every day, often multiple times a day, and he knew that the customer relied on him for information about his accounts. Champney was also aware of an email that the customer's son, who lived with the customer, sent to the representative, concerning his father's accounts. Neither the representative nor Champney followed up with the customer in response to his son's email. Ultimately, the firm and the representative made a settlement payment totaling \$470,000 to the guardian for the elderly customer's accounts, and FINRA barred this representative from associating with any FINRA member in any capacity.

The suspension is in effect from August 20, 2018, through November 19, 2018. ([FINRA Case #2015045984002](#))

## Firms Fined

### **The Leaders Group, Inc. (CRD #37157, Littleton, Colorado)**

July 2, 2018 – An AWC was issued in which the firm was censured, fined \$95,000 and required to submit to FINRA a written plan of how the firm will undertake a comprehensive review of the adequacy of the relevant policies and procedures (written or otherwise) and supervisory systems. At the conclusion of the firm's comprehensive review, it shall certify in writing to FINRA that it has adopted and implemented policies, procedures and systems reasonably designed to ensure compliance with federal securities laws and FINRA rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise the creation and distribution of consolidated reports and failed to preserve consolidated reports sent to firm customers. The findings stated that the firm had no WSPs governing consolidated reports, no system to detect the use of consolidated reports and no method to review such reports for accuracy. Moreover, the programs the firm used did not retain copies of, and were unable to identify the number of, consolidated reports that its registered representatives prepared and transmitted to firm customers during an eight-month period. The findings also stated that the firm failed to conduct inspections of non-branch offices. The firm operated non-branch

locations, some of which were wholesale-only non-branch locations. The firm, however, neither conducted inspections nor required that its wholesale-only non-branch offices be inspected. Instead, the firm conducted what it called “remote inspections,” which consisted of a review of the annual compliance questionnaires of the representatives who worked out of those locations. The firm’s remote inspection failed to meet the requirements of NASD Rule 3010(c) because the annual compliance questionnaires did not address the areas identified in Rule 3010(c)(2), and no on-site inspections of the non-branch offices occurred. The findings also included that the firm’s WSPs failed to articulate any processes, thresholds, or criteria to be used by it to determine whether a representative should be subject to heightened supervision. FINRA found that the firm failed to document the review and evaluation of outside business activities. The firm failed to maintain records evidencing its review and analysis of representatives’ outside business activity. Indeed, in a significant number of the outside business activity disclosures sampled by FINRA, the firm did not maintain evidence that the evaluation and review required by FINRA and its own procedures were conducted. FINRA also found that the firm did not have a reasonably designed supervisory system in place to ensure that business-related emails were being reviewed and retained by the firm. In addition, FINRA determined that the firm failed to establish and maintain a reasonable supervisory system to review the suitability of additional contributions to a customer’s existing variable annuity that were recommended by a firm representative. Moreover, FINRA found that the firm’s representatives distributed retail communications obtained from third-party sources to current and prospective customers without being reviewed and approved by a principal of the firm, and that it did not maintain any records of these communications. Furthermore, FINRA found that the firm made improper payments of transaction-based commissions to non-registered broker-dealers. The firm’s arrangement for payment of commissions with unregistered insurance general agencies allowed the agencies to determine how much was paid in commissions to specific wholesale representatives. Consequently the firm did not have, and thus failed to maintain, records of the compensation paid to its representatives. ([FINRA Case #2014038972001](#))

**Mizuho Securities USA LLC ([CRD #19647](#), New York, New York)**

July 2, 2018 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed sale transactions in equity securities that it incorrectly reported to a trade reporting facility with a short exempt modifier. The findings stated that these inaccurate reports, which occurred on separate trade dates and involved different securities, involved riskless principal trades, whereby the firm facilitated customer buy orders by purchasing shares from the street and flipping the shares to the customer on a riskless principal basis. The violations resulted when the firm had implemented an update to its order management system (OMS), which failed to consider the firm’s position in the security at the time of the riskless flip to a customer when facilitating a customer buy order on a riskless principal basis. Despite identifying the issue several months earlier, the

firm continued to inaccurately report riskless principal transactions when facilitating a customer buy order as short exempt, when the firm was long. The firm ultimately corrected the issue. The findings also stated that the firm experienced another system issue with an OMS used by its convertible bond desk to process and execute transactions. Unbeknownst to the firm, a system error unique to the OMS used by the firm's convertible bond desk caused the routing of short sale orders in short sale circuit breaker (SSCB) securities as short exempt without ensuring the limit price was above the national best bid (NBB) at the time of the route. Based on this, and until the firm corrected the issue, it failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale order in a security subject to a SSCB, at a price at or below the NBB and, while acting as a trading center, executed non-exempt short sale transactions at a price that was at or below the current NBB when a SSCB was in effect. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with Rule 201 of Regulation SHO and FINRA rules. ([FINRA Case #2015048170701](#))

**Cetera Financial Specialist LLC ([CRD #10358](#), Schaumburg, Illinois)**

July 9, 2018 – An AWC was issued in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to consider whether its registered representatives' outside business activities would interfere with or compromise their responsibilities to the firm or customers and evaluate the advisability of imposing specific conditions or limitations on their outside business activities. The findings stated that a representative disclosed his power-of-attorney over two senior customers' accounts to the firm on three occasions. However, the firm did not timely review, evaluate or respond to the representative's disclosures. The findings also stated that after issuing a compliance bulletin reminding representatives to disclose their roles as trustees, powers of attorney or executors, the firm received approximately 200 disclosures, in addition to two disclosures from the representative. The firm unreasonably decided to postpone its review of these disclosures for at least 13 months while it re-evaluated its criteria and policies for approving requests to act in a fiduciary capacity for non-family members. The firm subsequently enhanced those policies. ([FINRA Case #2015045233601](#))

**M Holdings Securities, Inc. ([CRD #43285](#), Portland, Oregon)**

July 9, 2018 – An AWC was issued in which the firm was censured and fined \$135,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to supervise representatives' use of consolidated reports. The findings stated that associated persons of the firm created and disseminated consolidated reports to customers, yet it had no WSPs directly addressing the supervision of consolidated reports. Further, the firm did not maintain or review consolidated reports as

communications with customers and did not maintain or review the supporting documents related to assets and asset values entered manually by registered representatives in the consolidated reports. Following a FINRA examination, the firm created WSPs addressing the use and dissemination of consolidated reports by its representatives. The findings also stated that the firm failed to record and review a representative's sale of a private offering to investors, prior to FINRA's discovery of the activity. The representative had requested the firm's approval to engage in private securities transactions involving a private offering of limited partnership interests in a commercial real estate project. The firm approved the representative's request and then failed to supervise transactions involving sales of the private offering by the representative to investors, totaling \$18,755,000. In addition, the firm did not record any of these transactions on its books and records. As a result of FINRA's inquiries, the firm eventually conducted due diligence on the commercial real estate project, reviewed the transactions and later recorded the transactions on its books and records. ([FINRA Case #2017052293001](#))

**W.R. Hambrecht + Co., LLC ([CRD #45040](#), San Francisco, California)**

July 9, 2018 – An AWC was issued in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that during three separate periods in 2016 and 2017, the firm conducted a securities business while net capital deficient. The findings stated that because of the firm's inaccurate classification of a foreign security as an allowable asset, it was net capital deficient in amounts ranging from approximately \$55,000 to \$91,000. In addition, due to the firm's failure to properly accrue certain expenses, the firm was net capital deficient in amounts ranging from \$38,000 to \$223,000. The findings also stated that the firm inaccurately recorded direct ownership of shares of a foreign security on its books and records, when, in fact, it did not own the shares. The firm also incorrectly treated the shares of that same foreign security as an allowable asset of the firm for net capital purposes, which resulted in an overstatement of its net capital by amounts ranging from approximately \$155,000 to \$279,000. The firm's book and records were also inaccurate for two months. The firm overstated its net capital by amounts ranging from approximately \$169,000 to \$258,000, primarily resulting from its failure to accrue certain expenses, including deferred rent and legal expenses. ([FINRA Case #2016050908901](#))

**KCD Financial, Inc. ([CRD #127473](#), Green Bay, Wisconsin)**

July 19, 2018 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely inspect registered branch offices (non-supervisory branches), and non-registered branch office locations. The findings stated that the firm's WSPs required that non-supervisory branches would be inspected at least once every three years, and that its non-branch locations would be inspected consistent with the schedule

the firm had included in its WSPs. As a result of a previous FINRA examination, the firm was on notice that it was required to inspect branch offices and non-branch locations consistent with FINRA Rule 3110 and the firm's WSPs. Nevertheless, the firm failed to conduct the inspections of the non-supervisory branches and non-branch locations. ([FINRA Case #2017052418701](#))

**FSC Securities Corporation ([CRD #7461](#), Atlanta, Georgia), Royal Alliance Associates, Inc. ([CRD #23131](#), Jersey City, New Jersey), SagePoint Financial, Inc. ([CRD #133763](#), Phoenix, Arizona) and Woodbury Financial Services, Inc. ([CRD #421](#), Oakdale, Minnesota)**

July 24, 2018 – An AWC was issued in which FSC Securities Corporations (FSC) was censured and fined \$200,000. Royal Alliance Associates, Inc. (Royal Alliance) was censured and fined \$350,000. SagePoint Financial, Inc. (SagePoint) was censured and fined \$200,000. Woodbury Financial Services, Inc. (Woodbury) was censured and fined \$250,000. The firms are also required to review and revise, as necessary, their systems, policies and procedures (written and otherwise) and trainings with respect to the areas described within the AWC. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that they each failed to establish, maintain and enforce a supervisory system and written procedures reasonably designed to supervise representatives' sale of multi-share class variable annuities. The findings stated that the firms' procedures did not specifically address the suitability issues related to the different surrender periods, fees and costs of the different variable annuity share classes. Similarly, the firms' procedures did not specifically address the suitability concerns raised by the sale of an L-share contract when combined with a long-term income rider or to a customer with a long-term investment time horizon. The firms' WSPs also failed to address when additional scrutiny may have been warranted during the required principal review and approval process because of suitability concerns about the variable annuity share class that was selected for the transaction. FSC, SagePoint and Royal Alliance's procedures for principals only explained basic differences in the surrender period for variable annuity share classes and noted that reviewing principals should attempt to get a rationale addressing the customer's decision to pay the increased annual fee for an L-share contract. Woodbury's WSPs failed to address variable annuity share classes at all. In addition, the firms failed to provide sufficient training to their representatives and reviewing principals to ensure that they understood the material features of variable annuities. The findings also stated that Royal Alliance failed to establish and maintain a supervisory system and procedures reasonably designed to supervise variable annuity exchanges. Royal Alliance selected for review only a limited number of representatives based on ad hoc criteria unrelated to their volume of variable annuity recommendations, and its WSPs did not include any surveillance procedures designed to determine if representatives had problematic rates of variable annuity exchanges, as required. ([FINRA Case #2016047636601](#))



**IFC Holdings, Inc. dba Invest Financial Corporation ([CRD #12984](#), Appleton, Wisconsin), Investment Centers of America, Inc. ([CRD #16443](#), Appleton, Wisconsin), National Planning Corporation ([CRD #29604](#), Los Angeles, California) and SII Investments, Inc. ([CRD #2225](#), Appleton, Wisconsin)**

July 24, 2018 – An AWC was issued in which IFC Holdings, Inc. (IFC) was censured and fined \$600,000. Investment Centers of America, Inc. (ICA) was censured and fined \$115,000. National Planning Corporation (NPC) was censured and fined \$650,000. SII Investments, Inc. (SII) was censured and fined \$325,000. IFC, NPC and SII are each ordered to provide restitution to customers who purchased L-share contracts with long-term income riders and no persistency credits from registered representatives of the firms and who currently hold those contracts at any affiliate of the firms, or the FINRA member firm which acquired the firms, according to a plan not unacceptable to FINRA in an amount that will total not less than \$6 million, including interest. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that they failed to establish, maintain and enforce a supervisory system and written procedures reasonably designed to supervise representatives' recommendations of variable annuities. The findings stated that the firms sold variable annuity contracts with the option of different share classes, including B-share contracts and L-share contracts. Because L-share contracts generally charge higher fees for the life of the contract than comparable B-share contracts, L-share contracts raise suitability concerns when sold to customers with long-term time horizons. These concerns are even more pronounced when an L-share contract is combined with a long-term rider because these riders often require the customer to hold the variable annuity for five years or longer in order to obtain the full benefit. The firms failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that their representatives complied with the requirements of FINRA Rule 2330(b). For example, none of the firms' procedures addressed suitability issues pertaining to the fees and costs or surrender periods of different variable annuity share classes. Similarly, none of the firms' procedures addressed the suitability concerns raised by the sale of an L-share contract when combined with a long-term rider or to a customer with a long-term investment time horizon. The firms WSPs failed to address when additional scrutiny may be warranted by a reviewing principal because of suitability concerns about the variable annuity share class that was selected for the transaction. The findings also stated that the firms failed to provide sufficient training to their representatives and reviewing principals to ensure that they understood the material features of variable annuities. Specifically, the variable annuity training provided by the firms was not designed to ensure that the representatives and reviewing principals understood the suitability considerations raised by the sale of an L-share contract with a long-term income rider or to a customer with a long-term investment time horizon. The firms' failure to have these supervisory systems and procedures in place was unreasonable given the firms' substantial volume of variable annuities sales, particularly L-share contracts. The findings also included that between January 2013 and December 2014, NPC received over \$152 million from the



sale of variable annuities, including approximately \$56 million from the sale of L-share contracts. Between April 2013 and April 2015, ICA received over \$45 million from the sale of variable annuities, including approximately \$4.6 million from the sale of L-share contracts. Between April 2013 and April 2015, SII received over \$117 million from the sale of variable annuities, including approximately \$26 million from the sale of L-share contracts. Between July 2013 and December 2014, IFC received over \$118 million from the sale of variable annuities, including approximately \$19 million from the sale of L-share contracts. Given the large volume of L-share variable annuities sold at each of the firms, their failure to establish, maintain and enforce a supervisory system and WSPs addressing various suitability considerations associated with the sale of multi-share class variable annuities was unreasonable. Moreover, NPC, SII and IFC failed to identify the pattern of red flags presented by the sale of L-share variable annuities with long-term riders and failed to investigate the suitability of these potentially incompatible recommendations.

FINRA found that ICA and SII both failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that customers received available sales charge discounts on all eligible Unit Investment Trusts (UIT) purchases. ICA and SII relied primarily on their representatives to ensure that customers received appropriate UIT sales charge discounts, despite the fact that the firms did not effectively inform and train representatives and their supervisors to identify and apply such sales charge discounts. The firms written procedures regarding sales charge discounts failed to set forth any procedures regarding the identification of UIT transactions eligible for sales charge discounts. ICA and SII failed to adopt any controls to detect instances in which representatives failed to provide available UIT sales charge discounts. FINRA also found that as a result of these supervisory deficiencies, ICA and SII failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs. Specifically, ICA failed to apply sales charge discounts to 753 eligible UIT purchases, resulting in customers paying excessive sales charges of approximately \$61,000. SII failed to apply sales charge discounts to 1,959 eligible UIT purchases, resulting in customers paying excessive sales charges of approximately \$242,000. ICA and SII have paid restitution to all affected customers. ([FINRA Case #2015047177001](#))

## Individuals Barred

### **Abraham Biderman ([CRD #2032813](#), Brooklyn, New York)**

July 2, 2018 – An AWC was issued in which Biderman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Biderman consented to the sanction and to the entry of findings that he refused to produce information requested by FINRA in connection with its investigation into his potential participation in a private securities transaction. ([FINRA Case #2018058695501](#))

**Bradley Joseph Tennison ([CRD #1561988](#), Gilbert, Arizona)**

July 2, 2018 – An AWC was issued in which Tennison was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tennison consented to the sanction and to the entry of findings that after initially cooperating with FINRA’s investigation, he refused to appear and provide on-the-record testimony related to allegations that he recommended a \$300,000 investment away from his member firm to a former firm customer. ([FINRA Case #2018058302101](#))

**Robert Joseph Flanagan ([CRD #5755699](#), Holland, Pennsylvania)**

July 6, 2018 – An OHO decision became final in which Flanagan was barred from association with any FINRA member in all capacities. The sanction was based on findings that he failed to both timely and completely comply with FINRA’s requests for information and documents, and subsequently failed to appear for FINRA on-the-record testimony, in connection with FINRA’s investigation into his potential failure to report a civil judgment on his Form U4 and potential sales practice violations. The findings stated that Flanagan willfully failed to disclose the civil judgment on his Form U4. The omitted information was material because the civil judgment would have alerted his member firm and regulators that he was subject to substantial economic pressures and could cause customers to question his judgment in providing financial advice. The findings also stated that Flanagan provided a false attestation to his firm that his Form U4 was accurate. ([FINRA Case #2016050447102](#))

**Mitchell Toby Yanow ([CRD #2148171](#), Boynton Beach, Florida)**

July 11, 2018 – An AWC was issued in which Yanow was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Yanow consented to the sanction and to the entry of findings that he converted at least \$205,586 of an 87-year-old customer’s funds by writing checks drawn on the customer’s brokerage account at Yanow’s member firm without the customer’s knowledge or authorization. The findings stated that the customer gave Yanow blank checks drawn on the customer’s account so that Yanow could pay the customer’s caregivers in the event the customer was unable to do so. However, Yanow used the customer’s blank checks to convert at least \$205,586 of the customer’s funds, which he used to pay for his own personal expenses, including his overdue homeowner’s association fees, his children’s summer camp fees and the purchase of a 1976 Chevrolet Corvette. ([FINRA Case #2018058538001](#))

**Paul Edward Soll ([CRD #430284](#), Woodland Hills, California)**

July 12, 2018 – An AWC was issued in which Soll was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Soll consented to the sanction and to the entry of findings that he refused to appear and provide on-the-record testimony to FINRA during the course of an ongoing examination involving potential trading abuses in an elderly customer’s account. The findings stated that the trading activities involved possible excessive trading, churning and unsuitable recommendations of penny stocks for the elderly customer’s trust account. ([FINRA Case #2017054755202](#))

**Steven F. Coffey ([CRD #4462225](#), Rochester, New York)**

July 16, 2018 – An AWC was issued in which Coffey was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Coffey consented to the sanction and to the entry of findings that he failed to respond to FINRA's request for documents and information in connection with its investigation of promissory notes he sold to customers. ([FINRA Case #2018058564201](#))

**Michael James Gilhooly ([CRD #2452559](#), Pasadena, California)**

July 16, 2018 – An AWC was issued in which Gilhooly was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gilhooly consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of an ongoing examination of the trading activity in the accounts of Gilhooly and one of his customers to determine whether he engaged in conduct that violated federal securities laws or regulations or FINRA rules. ([FINRA Case #2017053556901](#))

**Clarence L. McGill ([CRD #1838243](#), Grapeland, Texas)**

July 16, 2018 – An AWC was issued in which McGill was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McGill consented to the sanction and to the entry of findings that he refused to produce information requested by FINRA in connection with its investigation of his possible participation in the recommendation and sale of unsuitable investment products to customers. ([FINRA Case #2018057843501](#))

**Charles Lewis Bloom ([CRD #4144108](#), Royal Palm Beach, Florida)**

July 17, 2018 – An AWC was issued in which Bloom was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bloom consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into allegations that he engaged in an unsuitable pattern of trading in at least three customer accounts. ([FINRA Case #2017056067501](#))

**Michael Quiles III ([CRD #4351166](#), Commack, New York)**

July 17, 2018 – An Offer of Settlement was issued in which Quiles was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Quiles consented to the sanction and to the entry of findings that he failed to fully respond to FINRA's requests for certain documents and information during the course of an investigation into his potential misconduct regarding a purported loan he received from a customer of a non FINRA-regulated bank partnered with his member firm and his failure to disclose, or timely disclose, certain civil judgments and a tax lien. ([FINRA Case #2016049315202](#))

**Sebastian Jimenez ([CRD #4427855](#), Miami, Florida)**

July 19, 2018 – An AWC was issued in which Jimenez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jimenez consented to the sanction and to the entry of findings that he knowingly provided inaccurate answers to his member firm affiliate bank’s compliance department regarding certain deposits made by his firm customer into his bank accounts, preventing further review of the customer’s potentially suspicious account activity. The findings stated that Jimenez was assigned to the brokerage and bank accounts held by a company, which was owned and controlled, in part, by an individual who was a foreign national, and that the individual and any account for which he was a beneficial owner were subject to enhanced diligence. In connection with its anti-money laundering reviews, the bank’s compliance department asked Jimenez to obtain information about two deposits made into the company’s account. Jimenez spoke to the individual and thereafter made statements to the bank he knew to be inaccurate. Jimenez assisted the individual in concealing the true source of the funds, and prevented both the firm and the bank from monitoring the accounts held by the company and/or the individual and complying with its anti-money laundering responsibilities, including its obligations to report potentially suspicious activity or place a hold on the account. ([FINRA Case #2016051705702](#))

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

July 24, 2018 – An Offer of Settlement was issued in which Horwitz was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Horwitz consented to the sanction and to the entry of findings that he willfully failed to amend his Form U4 to disclose an indictment, and subsequent conviction, on three felony charges. The findings stated that Horwitz remained associated with a member firm after his conviction, and while subject to statutory disqualification. ([FINRA Case #2016050312401](#))

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

July 25, 2018 – An OHO decision became final in which Melton was barred from association with any FINRA member in all capacities. The sanction was based on findings that Melton failed to provide information and documents requested by FINRA during an investigation it initiated after learning from her former member firm’s Form U5 filing that she failed to disclose on her Form U4 multiple tax liens totaling over \$350,000. ([FINRA Case #2016050951801](#))

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

July 30, 2018 – An OHO decision became final in which Carter was barred from association with any FINRA member in all capacities. The sanction was based on findings that Carter failed to appear and provide FINRA on-the-record testimony during the course of an investigation into conduct described in amended Form U5s filed by her former member firm that indicated that she had been under internal review for fraud, wrongful taking of

property, or violating investment-related statutes, regulations, rules or industry standards of conduct and her alleged participation in clients outside business activities. ([FINRA Case #2016049202101](#))

## Individuals Suspended

### **Jeffrey Robert Conklin ([CRD #5749380](#), Broadview Heights, Ohio)**

July 2, 2018 – An AWC was issued in which Conklin was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Conklin consented to the sanctions and to the entry of findings that he engaged in a pattern of check kiting over a two and a half month period. The findings stated that during the entire time Conklin was registered through his member firm, he also was an employee of a bank affiliated with the firm. Conklin had a personal line of credit at the bank, as well as several checking and savings accounts. Conklin drew eight checks with a total face value of \$28,725 from his personal line of credit and deposited those checks into his other accounts at the bank; each check later was returned for insufficient funds. Conklin also drew three checks with a total face value \$14,400 from one account at the bank and deposited them to another account at it; each check later was returned for insufficient funds. Conklin knew, or was reckless in not knowing, that each of these checks would be dishonored. Conklin has repaid all amounts he owed the bank as a result of his check kiting activity.

The suspension is in effect from July 2, 2018, through January 1, 2019. ([FINRA Case #2016052287201](#))

### **Junying Yan ([CRD #6224552](#), Brooklyn, New York)**

July 3, 2018 – An AWC was issued in which Yan was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Yan consented to the sanctions and to the entry of findings that she engaged in work as a career coach through an online career coaching company for approximately \$600-800 in compensation, without providing prior written notice to, or obtaining prior written approval from, her member firm. The findings stated that Yan completed certain annual acknowledgements in which she incorrectly reported that she had no outside business affiliations.

The suspension was in effect from August 6, 2018, through August 24, 2018. ([FINRA Case #2017053867701](#))

### **Daniel P. Capeless ([CRD #5863616](#), Washington, DC)**

July 5, 2018 – An AWC was issued in which Capeless was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Capeless consented to the sanctions and to the

entry of findings that he falsified expense reports to obtain reimbursement for legitimate business expenses for which he lost or did not obtain receipts. The findings stated that Capeless submitted receipts for personal expenses, such as personal taxi rides and meals, in close approximation to the time and amount of legitimate business-related expenses. Capeless then entered a description in his member firm's reporting system for the personal receipt to match the legitimate, reimbursable business-related expense. By doing this, Capeless was reimbursed a total of \$950.37 for personal charges to offset the business-related expenses for which he lost or did not obtain receipts.

The suspension is in effect from July 16, 2018, through January 15, 2019. ([FINRA Case #2016050664102](#))

**Steven William Kraut (CRD #1091154, Burnsville, Minnesota)**

July 10, 2018 – An AWC was issued in which Kraut was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Kraut consented to the sanctions and to the entry of findings that without providing written notice to his member firm, he performed various personal services under a verbal agreement with a firm customer for compensation totaling \$27,500. The findings stated that none of the services involved securities. Kraut further compounded the nondisclosure by stating inaccurately on firm compliance questionnaires that he had not accepted customer funds and deposited them in an account under his control.

The suspension was in effect from July 16, 2018, through September 15, 2018. ([FINRA Case #2017053289701](#))

**Matthew Alan Morris (CRD #1212333, Charlottesville, Virginia)**

July 10, 2018 – An AWC was issued in which Morris was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Morris consented to the sanctions and to the entry of findings that between approximately 2015 and 2017, he cut and pasted, or in some instances traced, the signatures of 16 customers of his member firm on over 70 forms used to record customer financial information and to authorize customer purchases of fixed and variable annuities. The findings stated that although the underlying transactions were all authorized, none of the customers were aware, nor did they authorize Morris to cut-and-paste or trace their signatures onto the forms in question. As a result, Morris caused the firm to create and maintain inaccurate books and records. The findings also stated that Morris falsely certified on firm compliance attestations that he would refrain from signing a customer's name on any document, when in fact he was actively engaged in such activity.

The suspension is in effect from July 16, 2018, through October 15, 2018. ([FINRA Case #2017053810301](#))

**Damani A. Barham ([CRD #6270752](#), Los Angeles, California)**

July 12, 2018 – An AWC was issued in which Barham was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Barham consented to the sanctions and to the entry of findings that he made 17 electronic fund transfers totaling \$6,975 from his personal bank account to his personal brokerage account, knowing that he had insufficient funds to cover those transfers. The findings stated that the improper transfers artificially inflated Barham's brokerage account balance, which he used to withdraw funds for his personal use. Barham used the temporarily inflated balance of his account to purchase goods and services at restaurants, bars, hotels and via Uber, make cash withdrawals, and pay monthly personal expenses. The transfers were eventually rejected due to insufficient funds and created a deficit in his brokerage account. In each instance, the deficit was cleared within a week when direct deposits of Barham's pay posted to the brokerage account. Neither Barham's firm nor the bank incurred losses as a result of his conduct.

The suspension is in effect from July 16, 2018, through October 15, 2018. ([FINRA Case #2017053148502](#))

**Daniel B. Irving ([CRD #4773478](#), Erie, Pennsylvania)**

July 12, 2018 – An AWC was issued in which Irving was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Irving consented to the sanctions and to the entry of findings that he mismarked 105 trades in five customer accounts as unsolicited when, in fact, the trades were solicited. The findings stated that the trades included customer purchases of various mutual funds and exchange traded funds that were unknown to the customers prior to Irving recommending the securities. The findings also stated that by mismarking the trades, Irving caused his member firm to keep inaccurate books and records.

The suspension was in effect from August 6, 2018, through September 5, 2018. ([FINRA Case #2014043146201](#))

**Christopher Matthew Parr ([CRD #2110651](#), Louisburg, Kansas)**

July 19, 2018 – An AWC was issued in which Parr was suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the findings, Parr consented to the sanction and to the entry of findings that he borrowed a total of \$750,000 from a married couple before they had opened a brokerage account at his member firm. However, he did not disclose the existing loans to the firm at the time the couple opened their brokerage account. The findings stated that the married couple opened the brokerage account at the firm with Parr as their registered representative. The customers transferred a position in one security into the account, but otherwise conducted no brokerage activities through the account while Parr was their representative. The findings also stated that later, Parr and the customers agreed to replace the existing



debt with two new promissory notes in the total amount of \$345,697.04. Parr failed to disclose the promissory notes to the firm. As part of Parr's annual compliance declaration to the firm, he falsely certified that he had, and would not, borrow or lend money to or from a customer. Further, Parr failed to disclose to the firm that he borrowed an additional \$915,000 from the customers via a new promissory note. The customers funded this new loan by an early surrender of a fixed annuity that was an asset of their trust and, as a result, incurred a surrender charge. The surrender was effected through another representative, who had previously sold them the fixed annuity. Parr used a portion of the new loan to repay the remaining balance of the previous promissory notes. Parr again falsely certified that he had not borrowed money from a customer. The findings also included that without approval from or notice to the firm, Parr and the customers later agreed to exchange the debt, at that time \$850,000, for shares in an entity Parr controlled. Parr did not disclose to the firm his participation in the transfer of the equity units with the customers until after he and the firm had received inquiries from FINRA regarding his personal dealings with the customers.

The suspension is in effect from August 6, 2018, through August 5, 2020. ([FINRA Case #2017053249401](#))

**Marvin Joseph Sneider ([CRD #1063322](#), Quincy, Massachusetts)**

July 23, 2018 – An AWC was issued in which Sneider was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Sneider consented to the sanctions and to the entry of findings that he exchanged emails discussing securities business with customers using his personal email address, which was not approved by the member firm. The findings stated that the firm's WSPs prohibited the use of unapproved email addresses to communicate with customers, and Sneider attested to his understanding of that policy on annual attestation forms. Sneider did not forward his emails from his personal email address to the firm for review and retention. As a result, Sneider caused the firm to fail to comply with its recordkeeping obligations.

The suspension is in effect from August 6, 2018, through September 19, 2018. ([FINRA Case #2017055260101](#))

**Francisco Jose Faraco ([CRD #5095972](#), Scarsdale, New York)**

July 26, 2018 – An AWC was issued in which Faraco was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Faraco consented to the sanctions and to the entry of findings that he submitted forged and falsified documents to a bank to assist an institutional customer in securing a \$15 million loan that the customer wanted from the bank. The findings stated that the customer was negotiating to secure the \$15 million

loan from the bank using shares of two of its affiliated companies as collateral. Among the documents requested by the bank as loan documentation were passports of several individuals whom the bank believed had an interest in the loan. Faraco obtained and provided copies of the requested passports to the bank. The bank notified Faraco that one of the requested passports was expired and requested an updated passport. In an effort to move the transaction along, and without the consent of the passport holder, Faraco altered the expiration date on the passport and sent a copy of the falsified passport to the bank. Later, the bank requested that the corporate customer and its affiliated companies sign written assurances regarding the collateral for the loan. Faraco forged the signature of the chief executive officer (CEO) of the corporate customer on the two assurance documents without consent. In addition, Faraco forged signatures of the representatives of the affiliated companies. The bank subsequently learned of Faraco's misconduct when a representative of one of the affiliated companies complained. Ultimately, the bank and the corporate customer reaffirmed their commitments to maintain the loan.

The suspension is in effect from August 6, 2018, through November 5, 2018. ([FINRA Case #2017053435201](#))

**Robert Rushby Humberston (CRD #2704865, Longmeadow, Massachusetts)**

July 27, 2018 – An AWC was issued in which Humberston was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Humberston consented to the sanctions and to the entry of findings that he failed to comply with his member firm's policies and procedures requiring him to disclose that his customer had designated him as a beneficiary of her estate. The findings stated that the firm's written policies prohibited employees from receiving or inheriting money from any customer. Upon learning that he or she was named as a beneficiary by a customer, the employee was required to notify the firm and to request at the earliest reasonable opportunity that the customer remove the employee from the bequest. Humberston learned that the elderly customer had died and designated him as the beneficiary of approximately 10 percent of her estate. However, Humberston failed to notify the firm or seek revocation of the bequest at any time. This deprived the firm of the opportunity to adequately supervise the relationship. Humberston received a distribution from the elderly customer's estate in the approximate amount of \$96,662, which he deposited into his personal bank account. After depositing the funds he received from the estate, Humberston notified the firm that he had received the distribution. However, Humberston declined to return the distribution from the estate and instead resigned his position with the firm.

The suspension is in effect from August 6, 2018, through November 5, 2018. ([FINRA Case #2018057966901](#))

**Kenny Danny Mezher ([CRD #6340715](#), Purcellville, Virginia)**

July 27, 2018 – An AWC was issued in which Mezher was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Mezher consented to the sanctions and to the entry of findings that he participated in four private securities transactions by selling limited partnership interests in a fund to five investors without providing prior written notice to, or receiving approval from, his member firm. The findings stated that while associated with his firm, Mezher was also employed by a now-defunct hedge fund. At the direction and under the supervision of the hedge fund's owner, Mezher raised capital for the hedge fund by selling limited partnership interests in it. Mezher sold four limited partnership interests in the fund totaling \$179,500 to five investors, all of whom were Mezher's family members or friends. Mezher did not receive selling compensation for his participation in these four transactions.

The suspension is in effect from August 6, 2018, through October 5, 2018. ([FINRA Case #2017053887501](#))

**Frederick Michael Miller ([CRD #1950477](#), Grand Blanc, Michigan)**

July 27, 2018 – An AWC was issued in which Miller was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Miller consented to the sanctions and to the entry of findings that he willfully failed to timely disclose federal tax liens, state tax liens and a voluntary bankruptcy petition on his Form U4. The findings stated that Miller was sent notices of the liens by the Internal Revenue Service and the Michigan Department of Treasury, and personally caused the bankruptcy to be filed on his behalf. Nonetheless, Miller willfully failed to comply with the disclosure requirements.

The suspension is in effect from August 6, 2018, through January 5, 2019. ([FINRA Case #2016052225701](#))

**Jon Lewis Sugick ([CRD #4985852](#), Ypsilanti, Michigan)**

July 27, 2018 – An AWC was issued in which Sugick was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Sugick consented to the sanctions and to the entry of findings that he engaged in two outside business activities without providing his member firm with written notice. The findings stated that Sugick incorporated a limited liability company in April 2015; however, he failed to provide his firm with the required written notice of the company until October 2015, at which time the firm denied his request to participate in the outside business activity and instructed him to dissolve or transfer his ownership in the entity. Sugick disregarded the firm's instructions, remaining the company's CEO while he was associated with the firm. In addition, Sugick did not provide written notice to the firm of an activity wherein he referred individuals, including

firm customers, to a commodities trading advisor. Those individuals invested with the advisor and ultimately incurred significant losses, while Sugick received approximately \$11,000 in referral fees. The findings also stated that Sugick provided an inaccurate response on the firm's annual compliance questionnaire, attesting that he had disclosed all outside business activities to the firm in writing.

The suspension is in effect from August 6, 2018, through October 5, 2018. ([FINRA Case #2016051184601](#))

**Cheryl A. George (CRD #4151720, East Aurora, New York)**

July 30, 2018 – An AWC was issued in which George was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. In determining the sanctions in this matter, FINRA considered that George was subject to a firm-imposed suspension of ten business days and a requirement that George review the firm's policies and procedures and complete selected Firm and FINRA e-learning courses. Without admitting or denying the findings, George consented to the sanctions and to the entry of findings that in order to generate funds for a requested wire transfer, she sold securities from the account of a customer of her member firm without obtaining verbal or written authorization from the customer or an imposter purporting to be the customer. The findings stated that unbeknownst to George, an email requesting a \$33,000 wire transfer to a third-party contractor for home improvements was not from the customer, but rather from the imposter who had obtained unauthorized access to the customer's email account. George sent a reply email stating that she would need to sell securities in the account to raise the requested funds. George then executed unauthorized sell transactions in the customer's account totaling \$42,980. George also mismarked the order tickets for these transactions as unsolicited and failed to mark them as discretionary. These transactions were neither unsolicited nor nondiscretionary because George selected the positions to sell in the customer's account. The findings also stated that George entered the wire request into the firm's system, and falsely attested in its systems that she received the customer's wire instructions verbally, even though she actually received the instructions via email. The firm approved the wire request based on George's false attestation. After receiving an email from the customer questioning the activity in the account, George discovered that an imposter sent the wire request and informed the firm. The firm recalled the wire and returned the funds to the customer's account. The findings also included that George caused the firm to make and preserve inaccurate books and records that falsely stated that the orders were unsolicited and nondiscretionary.

The suspension was in effect from August 6, 2018, through August 31, 2018. ([FINRA Case #2017055453801](#))

**Eric Steven Korhut ([CRD #3199787](#), Johnstown, Pennsylvania)**

July 30, 2018 – An AWC was issued in which Korhut was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Korhut consented to the sanctions and to the entry of findings that he executed 10 unauthorized trades totaling \$40,004 in the accounts of customers at his member firm. The findings stated that Korhut effected a \$22,000 trade in Class C mutual fund shares in the account of a customer without obtaining the customer's prior authorization. When the customer learned of the trade, he accepted \$11,000 worth of the shares, but directed Korhut to sell the remaining shares (\$11,000 worth) and invest the proceeds in a different security. Korhut also sold nine securities, two stocks and shares in seven mutual funds, for a total of \$27,004, in the account of customers without obtaining their prior authorization.

The suspension is in effect from August 20, 2018, through September 19, 2018. ([FINRA Case #2016051348101](#))

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

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

July 5, 2018 – McNamara appealed an OHO decision to the NAC. McNamara was fined \$10,000, suspended from association with any FINRA member in all capacities for three months and required to requalify by examination as a general securities representative prior to reentering the securities industry. The sanctions were based on findings that McNamara was reckless in failing to disclose to his member firm six outside brokerage accounts in which he held a beneficial interest. The findings stated that McNamara was confronted with, but did not pay attention to, a number of red flags telling him he was required to disclose to the firm all outside brokerage accounts in his name, or in which he had a beneficial interest, with respect to accounts both pre-association and the post-association to his firm. McNamara completed annual disclosure forms in which he agreed to provide the firm with prompt written notice of all brokerage accounts in which he had an interest, and to ensure that copies of all confirmation statements were sent to the firm's compliance department. The findings also stated that McNamara was reckless in improperly purchasing shares in an Initial Public Offering (IPO). The firm prohibited employees from participating in an IPO without written authorization from it. McNamara was confronted with, but did not pay attention to, a number of red flags telling him he was a restricted person who was prohibited from purchasing shares in an equity IPO. McNamara

was reminded by his firm's CCO through emails stating no employee could purchase equity IPOs in any account in which he had control or a beneficial interest. McNamara's purchase of the IPO shares was the result of considerable thought and deliberation. The findings also included that McNamara was reckless in falsely representing on a client affirmation form of eligibility by indicating that the account he intended to use in purchasing the IPO shares was not beneficially owned, 10 percent or more, by one or more restricted persons.

The sanctions are not in effect pending review. ([FINRA Case #2016049085401](#))

**Steven Ellsworth Larson (CRD #2422755, Nisswa, Minnesota)**

July 6, 2018 – FINRA appealed an OHO decision to the NAC. On July 24, 2018, Larson cross-appealed the OHO decision to the NAC. On June 14, 2018, the OHO decision was issued in which Larson was fined \$37,000 and suspended from association with any FINRA member in all capacities for two years for failing to provide FINRA complete and timely responses to document and information requests, suspended from association with any FINRA member in all capacities for 18 months for submitting materially misleading Continuing Membership Applications (CMAs) to FINRA, and suspended from association with any FINRA member in all capacities for 18 months for falsifying firm records by backdating supervisory documents and then submitting some of them to FINRA. The suspensions imposed were to be served concurrently. The sanctions were based on findings that shortly after Larson joined his member firm, he and two business colleagues began negotiations to buy the firm. The findings stated that to accomplish this, Larson had to file documentation with FINRA, including a CMA that provided details regarding the change in ownership. Larson omitted material information from the CMAs about financial transactions relating to the firm involving Larson and his two colleagues. One of the colleagues, who had a FINRA disciplinary history, loaned funds to Larson and the other colleague and bought an option to buy stock in the firm. A portion of the funds were used to provide working capital for the firm. None of this, however, was disclosed in the CMAs, thereby rendering them misleading. The findings also stated that Larson gave incomplete and untimely responses to FINRA's document and information requests. FINRA requested documents and information from the firm in connection with an investigation into its termination of an associated person, which stemmed from the person's outside business activity and the firm's unsuccessful attempts to meet with him about it. Larson, who responded on behalf of the firm, failed to provide all requested documents when they were due. Only after FINRA issued four requests over the span of a year did Larson fully respond. The findings also included that Larson falsified firm records by backdating certain supervisory review documents related to an associated person that he then supplied and represented as genuine to the president of the firm and to FINRA. Larson altered the documents to create the false appearance that he had completed certain supervisory reviews more than a year earlier. The alleged wrongdoing came to light as a result of a FINRA examination of the firm. By backdating firm documents, Larson caused the firm's records to be inaccurate. In addition, Larson acted in bad faith and engaged in unethical conduct when he falsified firm records and produced

some of them to FINRA. The decision found that FINRA failed to prove by a preponderance of the evidence that Larson violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 and FINRA Rule 2020 by making fraudulent misrepresentations and omissions to customers about their church bond holdings and in connection with church bond cross trades he arranged. It was determined that Larson did not act recklessly in making the alleged misstatements and omissions, and therefore, he did not act with scienter. Accordingly, these charges were dismissed. FINRA has appealed the decision with respect to the dismissed charges and Larson has appealed the decision with respect to the findings made.

The sanctions are not in effect pending review. ([FINRA Case #2014039174202](#))

**John Anthony Vedovino (CRD #6113995, Pompton Plains, New Jersey)**

July 27, 2018 – Vedovino appealed an OHO decision to the NAC. Vedovino was barred from association with any FINRA member in all capacities. The sanction was based on findings that Vedovino converted funds. The findings stated that over a six month span, Vedovino used his bank accounts at his member firm's affiliated bank to make a number of purchases and cash withdrawals. After each transaction, he contacted the bank, claimed that someone had made a purchase or withdrawal without his consent and asked for reimbursement. Relying on Vedovino's misrepresentations, the bank reimbursed him for all but one of the transactions. When the bank later investigated and confronted Vedovino, he admitted his wrongdoing and his firm terminated his employment. The findings also stated that Vedovino failed to appear and provide on-the-record testimony and provided only a late, partial response to document requests made by FINRA relating to his bank accounts.

The sanction is not in effect pending review. ([FINRA Case #2015048362402](#))

**Robert Russel Tweed (CRD #2339324, Glendale, California)**

July 30, 2018 – Tweed appealed an OHO decision to the NAC. Tweed was fined \$50,000 and barred from association with any FINRA member in all capacities. The sanctions were based on findings that Tweed negligently made false and misleading statements to customers to induce them to invest in his hedge fund in violation of Sections 17(a)(2) and (3) of the Securities Act of 1933. The findings stated that Tweed obtained over \$1.6 million from retail customers through a false and misleading private placement memorandum (PPM). Tweed used the PPM to offer and sell interests in the hedge fund, an investment fund that he created and controlled. Tweed was supposed to invest the fund's money in a fund that would use a quantitative stock trading algorithm. When things did not go according to plan, Tweed placed the money in other investments that lost money, a fact that he concealed from investors. Tweed made negligent misrepresentations or omissions by failing to disclose to investors the total potential fees and costs of an investment in the hedge fund, which would reduce the return on investment. Tweed also failed to disclose that he had replaced the entity that would trade the hedge fund's capital with another



entity, controlled by another person who would manage and trade investors' assets. In addition, Tweed failed to disclose that the new entity that would trade the hedge fund's funds would pay him a share of the management fees it earned from his hedge fund, which would further reduce the return on investors' money. The Hearing Panel did not find that Tweed had an obligation to disclose that a broker-dealer rejected the hedge fund account application to open a securities account for the fund because of the number of customer complaints and arbitrations against him.

The sanctions are not in effect pending review. ([FINRA Case #2015046631101](#))

## 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.**

### **Craig Scott Hartman ([CRD #2335606](#), Palatine, Illinois)**

July 6, 2018 – Hartman was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose unsatisfied federal tax liens filed against him in the total amount of \$206,409.54 via the filing of an amended Form U4. The complaint alleges that Hartman also made false statements to his member firm regarding the existence of the federal tax liens when he attested, in writing, to the firm in his annual questionnaires, that the information contained in his Form U4 was accurate. The complaint also alleges that Hartman failed to timely respond to FINRA's requests for documents and information made in connection with its investigation, and subsequently failed to appear and provide on-the-record testimony requested by FINRA. ([FINRA Case #2016052604602](#))

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

**CDK Financial Services, LLC (CRD #124333)**  
New York, New York  
(July 20, 2018)

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**Firm 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.)

**CPIBD LLC (CRD #46049)**  
New York, New York  
(July 5, 2018)

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

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

**Lawrence John Fawcett Jr. (CRD #5851474)**  
Dix Hills, New York  
(July 3, 2018)  
FINRA Case #2015043939101

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

(If the bar has been vacated, the date follows the bar date.)

**Mona Ali (CRD #6549579)**  
Mokena, Illinois  
(July 2, 2018)  
FINRA Case #2018056954501

**Bobbie Jo Besler (CRD #6103283)**  
Flint, Texas  
(July 6, 2018)  
FINRA Case #2018057455001

**Jeffrey Scott Cederberg (CRD #4557771)**  
Gold Canyon, Arizona  
(July 9, 2018)  
FINRA Case #2018057570901

**Vincente Davila (CRD #4419824)**  
Sugar Land, Texas  
(July 6, 2018)  
FINRA Case #2018057512601

**Alan Demond Garrett (CRD #4853671)**  
Justin, Texas  
(July 13, 2018)  
FINRA Case #2018057400801

**Ramon Arturo Herrera (CRD #6021170)**  
Jersey City, New Jersey  
(July 16, 2018)  
FINRA Case #2018057425101

**Mandee Khu (CRD #6108009)**  
Henderson, Nevada  
(July 19, 2018)  
FINRA Case #2017056199101

**John Cochran Maccoll (CRD #839441)**  
Rochester Hills, Michigan  
(July 2, 2018)  
FINRA Case #2018057662601

**Felipe De Jesus U. Munive (CRD #6733359)**  
Roswell, Georgia  
(July 9, 2018)  
FINRA Case #2017055516401

**Gordon Beecher Nitka (CRD #6432141)**  
Colorado Springs, Colorado  
(July 9, 2018)  
FINRA Case #2018057267301

**Daniel Ochoa (CRD #6272502)**

El Paso, Texas  
(July 9, 2018)  
FINRA Case #2018057496001

**George James Oldoerp (CRD #1852219)**

Corona, California  
(July 16, 2018)  
FINRA Case #2017056135601

**Mary E. Olsen (CRD #6560588)**

Paris, Texas  
(July 19, 2018)  
FINRA Case #2018057299101

**Paul Joseph Prestia (CRD #4477149)**

Astoria, New York  
July 30, 2018)  
FINRA Case #2015046213101

**David Warren Taylor (CRD #3235144)**

Franklin, North Carolina  
(July 30, 2018)  
FINRA Case #2017056669401

**Christopher Robert Threet (CRD #6366464)**

Astoria, New York  
(July 2, 2018)  
FINRA Case #2018057016301

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

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

**Denise Ann Canez (CRD #6276180)**

Woodstock, Illinois  
(July 16, 2018)  
FINRA Case #2018058264701

**John Patrick Drill (CRD #2142227)**

Madison, Wisconsin  
(July 23, 2018)  
FINRA Case #2018058116601

**Glenn Thomas Grosek (CRD #4486110)**

Mountain Top, Pennsylvania  
(July 13, 2018)  
FINRA Case #2018058188401

**Edgar Guzman-Gonzalez (CRD #6697121)**

Los Angeles, California  
(July 6, 2018)  
FINRA Case #2018057015901

**Donald Leon Heitz (CRD #5339996)**

Navarre, Florida  
(July 23, 2018)  
FINRA Case #2018058101101

**Gretchen Elisabeth Jenkins (CRD #4779062)**

North Chili, New York  
(July 26, 2018)  
FINRA Case #2018057783001

**Phillip Andrew Johnson (CRD #501352)**

Murfreesboro, Tennessee  
(July 16, 2018)  
FINRA Case #2018056846001

**Christopher Leonard Landa (CRD #1897958)**

Edmonds, Washington  
(July 16, 2018 – July 31, 2018)  
FINRA Case #2018057368501

**Robin Rose Lomont (CRD #6288734)**

Eugene, Oregon  
(July 6, 2018)  
FINRA Case #2018058323401

**Jeffrey Lance Offen (CRD #2893980)**

Ronkonkoma, New York  
(July 2, 2018)  
FINRA Case #2017052710601

**Shawn David Palmer (CRD #4372916)**

Monroe, Washington  
(July 30, 2018)  
FINRA Case #2018058120001

**Somning Pheth (CRD #6290300)**

Fife, Washington  
(July 20, 2018)  
FINRA Case #2018058520001

**Phillip Albert Schreiner (CRD #4742497)**

San Antonio, Texas  
(July 30, 2018)  
FINRA Case #2017055752901

**Damian Serret (CRD #6016488)**

Miami, Florida  
(July 5, 2018)  
FINRA Case #2017056033901

**Charles Suhar (CRD #4518591)**

Mentor, Ohio  
(July 20, 2018)  
FINRA Case #2018058029101

**Zachary Scott Swords (CRD #5092004)**

Ponca City, Oklahoma  
(July 23, 2018)  
FINRA Case #2018057827701

**Bryce J. Vance (CRD #6499644)**

Caldwell, Idaho  
(July 30, 2018 – August 17, 2018)  
FINRA Case #2018057094901

**Stephen Paul Yaworsky (CRD #2355435)**

Honolulu, Hawaii  
(July 13, 2018)  
FINRA Case #2018058315701

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

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

**Heath Shayne Bowen (CRD #4824684)**

Idaho Falls, Idaho  
(July 10, 2018)  
FINRA Arbitration Case #17-03131

**William Thomas Eaton (CRD #3058469)**

Dania, Florida  
(January 6, 2017 – July 30, 2018)  
FINRA Case #2016051462801/ARB160046/  
Arbitration Case #16-00799

**Yosef Yehuda Fox (CRD #2386001)**

Long Beach, California  
(July 12, 2018)  
FINRA Arbitration Case #17-01628

**Louis Karl Kittlaus (CRD #602059)**

Naples, Florida  
(July 10, 2018)  
FINRA Arbitration Case #17-01788

**Robert G. Nash (CRD #718820)**

Deltona, Florida  
(July 30, 2018)  
FINRA Case #2018059044001/ARB180022

**Jason David Sullivan (CRD #5631207)**

Zephyrhills, Florida  
(July 12, 2018)  
FINRA Arbitration Case #18-00055

**Michael Christopher Venturino (CRD #5872439)**

Dix Hills, New York  
(July 17, 2018 – July 18, 2018)  
FINRA Arbitration Case #17-02105