

Disciplinary and Other FINRA Actions

Firm Expelled, Individuals Sanctioned

Newport Coast Securities, Inc. (CRD® #16944, New York, New York), Andre Vincent La Barbera (CRD #2072370, Dix Hills, New York) and Douglas Anthony Leone (CRD #2453784, Sandy Hook, Connecticut)

June 22, 2018 – The firm appealed a National Adjudicatory Council (NAC) decision to the Securities and Exchange Commission (SEC). The firm was expelled from FINRA® membership, fined \$403,000 and ordered to pay \$853,617.04, plus prejudgment interest, jointly and severally, in restitution to customers.

On June 25, 2018, the NAC decision became final with respect to La Barbera and Leone. La Barbera was fined \$125,000, barred from association with any FINRA member in all capacities and ordered to pay \$86,940.35, plus prejudgment interest, jointly and severally with the firm, in restitution to customers. Leone was fined \$185,000, barred from association with any FINRA member in all capacities and ordered to pay \$325,853, plus prejudgment interest, jointly and severally with the firm, in restitution to customers. The NAC affirmed the findings and modified the sanctions imposed by the Office of Hearing Officers (OHO). The NAC ordered that the firm, La Barbera and Leone are to make full restitution to their customers before paying the fines. The sanctions were based on the findings that the firm, La Barbera and Leone excessively traded customers' accounts. The findings stated that La Barbera and Leone exercised de facto control of customers' accounts and the firm is liable for the excessive trading and churning of its representatives. La Barbera and Leone acted in reckless disregard of the customers' interest and true investment objectives. The firm failed to supervise its management. Despite being familiar with the rapid and aggressive trading done by Leone, La Barbera and others, the firm did nothing to stop them because they were large producers for the firm. The customers of these representatives appeared repeatedly on the firm's exception reports reflecting the high volume of trading, commission charges, or both. Moreover, the firm ratified the quantitatively unsuitable trading engaged in by La Barbera, Leone and others, and the attendant costs charged to the customers by entering those trades and charges in the firm's books and records. Notably, the firm was the direct beneficiary of the excessive trading by receiving all commissions, mark-ups, mark-downs and other charges that the customers incurred. The firm then elected to pay out a portion of these fees to La Barbera, Leone and others based on their individual agreements with the firm. In addition, the firm, through the knowledge of the firm's management and ratification of the excessive trading, was primarily liable for, and recklessly engaged in, the churning. As a result

Reported for August 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).

of their conduct, the firm, La Barbera and Leone violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5, NASD Rule 2120 and FINRA Rule 2020. The findings also stated that the firm and La Barbera, acting through La Barbera and two other registered representatives, failed to possess a reasonable basis for believing that exchange-traded funds (ETFs) and a complex futures-index-linked exchange-traded note recommended for and purchased by five retail customers were suitable. Thus, they made qualitatively unsuitable investment recommendations. The findings also included that Leone conveyed false account values to a customer by overstating the account values. FINRA found that the firm failed to reasonably supervise the trading by Leone, La Barbera and others. The firm ignored multiple red flags indicating that these representatives were excessively trading and churning certain customers' accounts.

The firm's expulsion is in effect pending review. ([FINRA Case #2012030564701](#))

Firms Fined

Lek Securities Corporation ([CRD #33135](#), New York, New York)

June 1, 2018 – An SEC Order became final in which the firm was censured and fined \$100,000. The SEC sustained the findings of violations and imposition of sanctions imposed by the NAC. The sanctions were based on findings that the firm failed to establish and implement anti-money laundering (AML) policies and procedures and internal controls that could be reasonably expected to detect and cause the reporting of suspicious transactions and that were reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations promulgated by the Department of the Treasury. The findings stated that the firm depended upon an ad hoc, undocumented, manual system of surveillance for potential wash trades and other types of manipulative activities that was inadequate in the high-volume electronic trading environment in which the firm operated. Although the firm later instituted new surveillance procedures and mechanisms, its approach to its AML responsibilities remained inadequate in design and implementation, since it did not document the actual review, investigation and determination with respect to any particular potentially suspicious trading, and did not specify the procedures for investigating suspicious trading and determining whether a Suspicious Activity Report (SAR) should be filed. ([FINRA Case #2009020941801](#))

Buckman, Buckman & Reid, Inc. ([CRD #23407](#), Little Silver, New Jersey)

June 4, 2018 – An AWC was issued in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected opening transactions for a customer's account that exceeded the applicable position limit on the bullish side of the market in a security, which was 50,000 contracts by 5,676 contracts. The findings stated that the next day, the firm executed an additional 500 contracts in the security for the same customer while the customer's position in the security had already exceeded the position limit on the previous

trading day, which further caused the applicable position limit to be exceeded by a total of 6,176 contracts. Although the firm identified that its customer's position in the security had exceeded the applicable position limit, and while the firm made some initial efforts to address the issue, such efforts were unsuccessful in bringing its customer's position in the security into compliance with the applicable position limit. As such, the firm exceeded the position limit in the security for a total of 16 consecutive trading days, which ranged from approximately 11 percent to 12 percent over the applicable limit for the security. The firm's clearing firm, where the positions were maintained, also failed to take action necessary to bring the position into compliance. 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 position limits. In addition, the firm's WSPs were deficient as they incorrectly indicated that the firm's clearing firm or other firms executing on its behalf had systems to prevent order entries that would violate position limits. The findings also included that in situations where the firm was acquiring shares via OTC Link, (an electronic inter-dealer quotation system), to facilitate customer orders on a net basis, while the firm transmitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) reflecting the net price at which it satisfied the customer orders, it failed to transmit ROEs to OATS for orders from its principal account that were utilized to acquire the securities on behalf of its customers. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 7450, as the firm was unaware of its OATS reporting obligations involving the ROEs it failed to report, and did not include adequate WSPs. ([FINRA Case #2016049343502](#))

Northeast Securities, Inc. ([CRD #25996](#), Mitchelfield, New York)

June 12, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$50,000 and required to certify to FINRA® that it has adopted and implemented policies, procedures and systems designed to address each of the areas of conduct identified in the AWC. The firm is required to certify to FINRA that it has completed a retrospective review of all available or reasonably obtainable records related to outside brokerage accounts disclosed, to detect potential violations of the federal securities laws and FINRA rules, including those prohibiting insider trading and front running. If the outside brokerage accounts review shows that customers were harmed by any misconduct identified during the retrospective review, the firm is ordered to pay restitution, including interest, to each such customer. The firm is required to certify to FINRA that it has completed a risk-based retrospective review of emails sent or received by its associated personnel to detect potential violations of the federal securities laws and FINRA rules, which may include the use of sampling. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain reasonable written supervisory procedures (WSPs) concerning the review of its registered representatives' outside brokerage accounts and failed to reasonably supervise its review of outside brokerage accounts. The findings stated that the firm did not clearly

specify in the WSPs the frequency with which accounts should be reviewed. In addition, the firm did not provide reviewers with guidance about the way in which they should perform their review. Further, the WSPs did not assign any personnel the responsibility of verifying that the designated principals performed their required tasks. The firm failed to request and obtain duplicate account statements for certain of the outside brokerage accounts disclosed by the firm's associated persons. In addition, the firm failed to review certain duplicate account statements it did obtain. The findings also stated that the firm failed to maintain adequate WSPs concerning email review and failed to reasonably supervise its email review. The firm's WSPs did not provide any guidance or requirements about the quantity of emails that should be reviewed or contain any provisions to reasonably ensure that a sufficient number of emails were being reviewed. In addition to identifying emails for review by searching them for certain lexicon terms, the firm, through its WSPs, required reviewers to review an additional random sample of email for review. The WSPs, however, did not provide the reviewers with any guidance about how to conduct those reviews. Additionally, the WSPs did not provide sufficient guidance about the types of emails that should be escalated for further review and consideration, and did not contain any guidance or requirements concerning the timeliness for completing its email review. ([FINRA Case #2014040769402](#))

MTG, LLC dba Betterment Securities ([CRD #47788](#), New York, New York)

June 21, 2018 – An AWC was issued in which the firm was censured and fined \$400,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not ensure that its practices complied with certain FINRA and SEC financial and operational rules and interpretations. The findings stated that the firm structured its transactions on days when it was required to calculate its reserve deposit differently than on other days in order to reduce its customer reserve account obligations. The firm generally moved customer deposits to its omnibus account to fund its pre-settlement withdrawal program. However, on days when the firm was required to compute its customer reserve requirement, it did not move customer deposits and instead used loans from its clearing firm to fund that program. Thus, the firm engaged in “window dressing” by altering its practices on reserve computation days specifically to reduce its reserve formula computation and thereby reduce its reserve requirement. The findings also stated that the firm did not properly segregate customers' wholly owned securities in a good control location. The firm holds its customers' securities in omnibus accounts at its clearing firm, and because the clearing firm had a claim on debit balances in the omnibus accounts, the omnibus accounts were not a good control location. To the contrary, customer securities that were in the omnibus accounts were potentially available for use by the clearing firm, to the extent of existing debit balances. Further, the firm made other errors in its reserve calculation. The pre-settlement withdrawal program caused the firm to incur certain receivables and debits in its omnibus account and incorrectly classified receivables from its clearing firm as receivables from customers. The findings also included that the firm did not make and keep certain of its books and records and did not create

and maintain certain records of cash movements in the manner or form required by SEC and FINRA rules. In addition, the firm's systems maintained its stock record on a trade date basis, rather than settlement date basis. FINRA found that the firm did not have a supervisory system reasonably designed to ensure its compliance with the customer protection rule and books and records rules. In particular, the firm did not implement a supervisory system in which certain decisions relating to financial and operational rules were made and supervised by people with appropriate expertise. The firm's former principal had insufficient prior training and practical experience in FINRA and SEC financial and operational rules. Nevertheless, the former principal oversaw the creation of the firm's pre-settlement withdrawal program and the related reserve accounting. The firm's financial and operations principal (FINOP) was not involved with this process, nor were other individuals with expertise in financial operations. The firm also allowed the former principal to supervise its possession or control compliance without sufficient oversight. As a result, no appropriately trained employee confirmed that customer securities were properly segregated in good control locations. ([FINRA Case #2015048047101](#))

Central States Capital Markets, LLC ([CRD #155291](#), Prairie Village, Kansas)

June 22, 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 have a properly registered Municipal Securities Principal (MSP) supervise the underwritings in the firm's Wichita, Kansas branch office. The findings stated that the firm's Wichita branch office manager supervised the office's municipal securities business, specifically underwritings, when he did not have a Series 53 license, which is required to supervise municipal securities business, and underwrote ten bond offerings. The findings also stated that the firm failed to enforce its WSPs, which required a designated MSP to supervise its municipal securities business at its Wichita branch office, including underwriting engagements. ([FINRA Case #2016048239701](#))

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

June 27, 2018 – An AWC was issued in which the firm was censured, fined \$1.4 million and required to revise its WSPs and provide a written report to FINRA, within 180 days after the date of the Notice of Acceptance of the AWC, regarding the implementation and performance (to date) of the firm's revisions to its supervisory system. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that due to systemic deficiencies, it failed to have reasonable supervisory procedures in place, which resulted in numerous Order Audit Trail System (OATS) and equity trade reporting violations. The findings stated that FINRA identified supervisory deficiencies at the firm that gave rise to billions of OATS reporting, and tens of thousands of equity trade reporting, violations. The firm's failure to have a reasonable supervisory framework around its equity order and trade reporting obligations allowed a substantial number of inaccurate OATS reports to escape detection and led to the firm's failure to timely correct or address deficiencies in equity trade reports once identified. Based on the deficiencies, the firm's

supervisory system was not reasonably designed to meet its obligations to provide accurate and timely equity order and transaction data to the appropriate reporting systems. 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 the FINRA rules concerning OATS reporting. The firm failed to enforce its WSPs that specified that supervisory personnel would follow-up on exceptions and escalate to the business head, compliance, or legal as necessary. The firm's WSPs were not reasonably designed to ensure the firm made complete and accurate trade reports of riskless principal transactions. As a result, the firm's OATS reports contained inaccuracies in order data categories. The firm failed to report certain reportable order events (ROEs) to OATS™ and failed to accept or decline in the FINRA/NASDAQ Trade Reporting Facility (FNTRF) transactions in reportable securities within 20 minutes after execution. The firm failed, within 10 seconds after execution, to transmit to the over-the-counter (OTC) Trade Reporting Facility™ (OTCRF) last sale reports of transactions in OTC equity securities, and failed to report to the OTCRF the contra side executing broker in non-media-reported riskless principal transactions. The findings also stated that the firm violated municipal bond trading and other supervision requirements. The firm improperly reported information to the Real-Time Transaction Reporting System (RTRS) that it should not have. The firm failed to report the correct capacity to the RTRS in reports of inter-dealer transactions in municipal securities. The firm failed to report information regarding inter-dealer purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Municipal Securities Rulemaking Board (MSRB) Rule G-14, RTRS procedures and the RTRS users' manual. In addition, the firm failed to report the correct time of trade to the RTRS for these reports of transactions in municipal securities. The firm failed to show the execution time on brokerage orders' memoranda. The firm failed to include the "seconds" in the time of trade field in its transaction reports to the RTRS in reports. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and MSRB rules, concerning accurate and timely reporting of municipal bond transactions. The firm failed to enforce its WSPs that specified that the firm's trade time in municipal securities transaction reports should be expressed in hours, minutes and seconds. The findings also included 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 the way in which the firm determined the best inter-dealer market for securities with limited quotations or pricing information when executing customer orders in such securities. ([FINRA Case #2014041894101](#))

G.C. Andersen Partners Capital, LLC ([CRD #44631](#), New York, New York)

June 28, 2018 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it associated with an individual the firm knew to be statutorily disqualified due to a felony conviction and permitted him to engage in activities requiring

registration even though he was not registered. The findings stated that the individual participated in the firm's investment banking business by advising on investment banking transactions, creating marketing materials, contacting potential investors, revising and distributing transaction documents, and conducting due diligence on target companies. Additionally, this individual was controlled by the firm when the firm and its registered persons provided him with work facilities, assigned tasks to him and instructed him regarding when and how to complete those tasks, and edited his work product, some of which appeared on firm-branded documents. The findings also stated that the firm retained and compensated the individual to advise on investment banking transactions and that in that capacity, the individual performed functions requiring registration including creating and editing firm marketing documents, contacting potential investors and conducting due diligence. ([FINRA Case #2016047624603](#))

Andrew Garrett Inc. ([CRD #29931](#), New York, New York)

June 29, 2018 – An AWC was issued in which the firm was censured, fined \$10,000 and ordered to pay \$5,758.26, 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 on certain transactions in equity securities that were not fair and reasonable and as a result, it charged customers approximately \$5,758 in excessive commissions. The findings stated that the commissions charged ranged from approximately five percent to 65 percent of the transactions' principal values. ([FINRA Case #2015043325601](#))

Individuals Barred

Donnell Noah Bowen ([CRD #5641822](#), Ashburn, Virginia)

June 1, 2018 – An AWC was issued in which Bowen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bowen consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information, and appear for on-the-record testimony, related to being under investigation at the time of his resignation from his former member firm for allegations of forgery of client signatures on non-variable insurance documents. ([FINRA Case #2017052930501](#))

William David Nelson ([CRD #2734324](#), South Ozone Park, New York)

June 1, 2018 – An AWC was issued in which Nelson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Nelson consented to the sanction and to the entry of findings that he refused to appear and provide FINRA with testimony in connection with its investigation of allegations that he engaged in unsuitable and excessive trading in a customer's account. ([FINRA Case #2017052865201](#))

Christopher Todd Wendel ([CRD #1930870](#), Celina, Ohio)

June 1, 2018 – An AWC was issued in which Wendel was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Wendel consented to the sanction and to the entry of findings that he provided a false declaration and false on-the-record testimony to FINRA, and that he engaged in private securities transactions without providing notice to his member firm or obtaining the firm’s approval prior to participating in these transactions. The findings stated that Wendel solicited investors to purchase promissory notes in a purported real-estate investment fund. Ultimately, Wendel sold \$343,500 in promissory notes to individuals and received more than \$10,000 in commissions in connection with these transactions. The findings also stated that in response to a FINRA request for information, Wendel provided a signed declaration falsely stating that his participation in the sale of a promissory note occurred after his association with the firm ceased. Later, during Wendel’s on-the-record testimony, he provided false testimony to the same effect. ([FINRA Case #2017055476801](#))

James Patrick Acosta ([CRD #4440729](#), Belmar, New Jersey)

June 4, 2018 – An AWC was issued in which Acosta was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Acosta consented to the sanction and to the entry of findings that he failed to appear and provide FINRA with requested on-the-record testimony related to his termination from his member firm. ([FINRA Case #2016050802201](#))

Bradley Everett Gardner ([CRD #4423724](#), Fort Bragg, California)

June 4, 2018 – An AWC was issued in which Gardner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gardner consented to the sanction and to the entry of findings that he converted his elderly member firm customer’s funds for his personal expenses. The findings stated that Gardner told the elderly customer that she could pre-pay the fees associated with her advisory firm accounts at a discount by writing a check made payable to him, and that he would then “turn off” the fees associated with her advisory firm accounts until later. Gardner accepted a personal check in the amount of \$7,400 from the elderly customer, who believed she was pre-paying her advisory account fees. Gardner deposited the check into his personal bank account and used the funds to pay for his personal expenses. However, the firm continued to charge the customer the fees associated with her advisory firm accounts. When the firm discovered Gardner’s misconduct, he reimbursed the customer the \$7,400. The firm’s WSPs prohibited registered representatives from accepting a check from a firm customer and made payable to them directly. The firm’s WSPs further prohibited its representatives from taking custody, control or possession of any customer funds outside the parameters of their firm practice, and from misusing or misdirecting customer funds. ([FINRA Case #2017055975701](#))

James Edward Lyons ([CRD #1020397](#), Shreveport, Louisiana)

June 4, 2018 – An AWC was issued in which Lyons was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lyons consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony. ([FINRA Case #2017054358101](#))

John Douglas Wade ([CRD #4486552](#), Placentia, California)

June 4, 2018 – An AWC was issued in which Wade was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Wade consented to the sanction and to the entry of findings that he converted funds totaling \$105,712.18 from his member firm's elderly customers without authorization. The findings stated that Wade electronically transferred, without authorization, \$47,570.47 from one of the elderly customers' checking account (at a bank affiliated with the firm) to Wade's own mortgage account. Wade similarly used funds from another elderly customer to pay his own mortgage. Wade had this customer withdraw funds from his firm account via third-party checks, in amounts totaling \$51,141.71, and write a check in the amount of \$7,000 from his checking account (at a bank affiliated with the firm), ostensibly to invest in real estate investment trusts (REITs). Wade did not use those funds for their intended purpose, to invest in REITs for the customer. Rather, Wade used those checks to pay his own mortgage. ([FINRA Case #2018058354101](#))

Ruben Gerardo Aleman Escalante ([CRD #6732188](#), San Diego, California)

June 5, 2018 – An AWC was issued in which Aleman Escalante was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Aleman Escalante consented to the sanction and to the entry of findings that while registered with a member firm, and dually employed as a personal banker with the firm's affiliate bank, he converted \$800 from an bank customer by using the customer's bank debit card to withdraw the funds without the customer's knowledge or approval. ([FINRA Case #2017055328401](#))

Sean Aaron Brady ([CRD #4365173](#), St. Louis, Missouri)

June 8, 2018 – An AWC was issued in which Brady was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Brady consented to the sanction and to the entry of findings that he failed to provide FINRA with any of the information or documents requested during the course of an ongoing examination into possible sales practice violations committed by Brady while registered with a FINRA member firm. ([FINRA Case #2017055941601](#))

Harold Lee Connell ([CRD #1482623](#), Pinecrest, Florida)

June 12, 2018 – An AWC was issued in which Connell was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Connell consented to the sanction and to the entry of findings that he willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020 by participating in the sale of three unregistered Regulation D offerings through misrepresentations and omissions. The findings stated that Connell and others at his member firm raised over \$4.5 million from individual investors in connection with the sale of the three unregistered Regulation D offerings. The private placement memorandums (PPMs) for the three offerings provided that investors' funds would be used to make investments in a variety of companies. However, the first offering was invested 85 percent in one penny stock company. The other two offerings were primarily undisclosed self-offerings. Investors' funds were transferred to the firm's holding company, and from there, to the firm. The third offering's PPM did not disclose that the companies that received their funds, the firm and its holding company, were deeply in debt. The third offering's PPM also did not disclose that investor funds would be used to pay non-firm expenses and money owed to prior offering investors. None of the investors recouped any of their principal investments. The findings also stated that Connell sold the offerings without a reasonable basis to believe that they were suitable for any investor. The first offering was not suitable for any investors because appropriate due diligence was not performed on the product. The second and third offerings were not suitable for any investors because they raised money for the firm's holding company and the firm. Also, contrary to the representations in the second and third offerings' PPMs, the offerings' funds were not invested in a diverse basket of investments. Connell, as the chief executive officer (CEO), president, principal supervisor and owner of the firm should not have permitted the marketing or sale of these products. The findings also included that Connell failed to reasonably supervise two registered representatives and an associated person involved in the sales of these products and the management of the funds obtained from the customers. Connell was required to investigate red flags and act upon the results of such an investigation. The two representatives had extensive contacts with their customers in Spanish. In fact, they and most of their investors were native Spanish speakers. Connell did not speak or understand Spanish. Nevertheless, Connell did not obtain translations of correspondence between the firm representatives and the customers, nor did he participate, with a translator, in any discussions with the Spanish-speaking customers at the point of sale. The associated person was not licensed by FINRA. Despite the associated person's dual role as co-manager of the first offering and manager of the other two on the one hand, and as an associated person of the firm on the other hand, Connell did not take effective action to ensure that he did not engage in activities requiring registration. In addition, Connell allowed one of the representatives to hold himself out as a director of the firm's Latin American business and to supervise registered representatives when Connell knew that he did not have a General Securities Principal license. ([FINRA Case #2016051493702](#))

Alexis Lertora ([CRD #4821845](#), Lima, Peru)

June 12, 2018 – An AWC was issued in which Lertora was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lertora consented to the sanction and to the entry of findings that he made material misstatements and omissions to his customers in soliciting an unregistered offering and promissory notes he sold to customers. The findings stated that Lertora sold the unregistered offering issued by a company affiliated with his member firm to customers located in Lima, Peru. The customers invested a total of \$245,000 in the offering. Lertora also sold promissory notes issued by his firm's holding company to other Peruvian customers. They invested a total of \$73,000 in the notes. The findings also stated that Lertora did not engage in reasonable due diligence for these investments and had no reasonable basis to believe that the offering and notes were suitable for any customer. The findings also included that the investments were not suitable for the particular customers who purchased them, given their investment profiles and conservative objectives. FINRA found that Lertora circulated marketing material for the offering that contained misrepresentations, omitted material risks and did not form a sound basis for evaluating the investment. Customers purchased the offering after receiving the marketing material from Lertora that was not fair and balanced and was highly misleading. ([FINRA Case #2016051493703](#))

Justin Travis Mair ([CRD #5143515](#), Layton, Utah)

June 13, 2018 – An AWC was issued in which Mair was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Mair consented to the sanction and to the entry of findings that he converted approximately \$722 from his member firm's customer by obtaining the customer's account number, setting up and making unauthorized ACH transfers from the account to pay his personal electric bills. ([FINRA Case #2016051547601](#))

Terry Lee McCoy ([CRD #1476696](#), New Port Richey, Florida)

June 15, 2018 – An AWC was issued in which McCoy was assessed a deferred fine of \$75,000 and barred from association with any FINRA member in any principal capacity. Without admitting or denying the findings, McCoy consented to the sanctions and to the entry of findings that he failed to appropriately supervise the sales practices of his member firm's registered representatives. The findings stated that the representatives engaged in excessive and unsuitable trading and used discretion without proper authorization in a customer's accounts who was 79-years-old and suffered from severe physical disabilities. McCoy was branch manager of the firm's Palm Harbor, Florida branch. Under the firm's branch managers supervisory manual, McCoy was responsible for supervising the business conducted in his branch and the activities of each employee (registered or unregistered) working in his branch. The representatives were under McCoy's supervision. As a result of the excessive trading, the customer's accounts generated commissions of over \$9 million. McCoy's supervision of the representatives and the transactions in the accounts were

unreasonable in that he failed to adequately follow-up on multiple red flags. McCoy failed to identify excessive and unsuitable trading activity in the customer's accounts. McCoy failed to detect the use of discretion by these representatives in the accounts, despite his routine meetings with the customer. ([FINRA Case #2016049321301](#))

Dennis Mitchell Farrah ([CRD #2703960](#), Centennial, Colorado)

June 18, 2018 – An AWC was issued in which Farrah was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Farrah consented to the sanction and to the entry of findings that he refused to produce FINRA-requested documents and information during its investigation into the allegations referenced in an amended Uniform Termination Notice for Securities Industry Registration (Form U5) that Farrah had sold securities away from his member firm without the firm's knowledge or approval. ([FINRA Case #2018057111801](#))

Michael Todd Clements ([CRD #1702071](#), Wellington, Florida)

June 19, 2018 – A NAC decision became final in which Clements was barred from association with any FINRA member in all capacities, barred from association with any FINRA member in any principal or supervisory capacity and ordered to pay a total of \$350,000, plus prejudgment interest, in restitution to customers. The NAC modified the sanctions to order restitution instead of rescission and to impose the bar in any principal or supervisory capacity, and affirmed the liability findings imposed by OHO. The sanctions were based on findings that Clements made material misstatements and omissions of material fact in connection with the sale of his member firm's equity interests and failed to reasonably supervise the firm's, and a holding company's, capital raising efforts. The findings stated that Clements committed fraud when he recklessly made material misstatements and omitted material facts in connection with the sale of the equity's interests to customer. Clements' conduct was in willful violation of Section 10(b) of the Exchange Act and Rule 10b-5, and in violation of FINRA Rule 2020. The findings also stated that Clements failed to reasonably supervise the firm's and holding company's capital raising efforts. Clements took no steps to ensure that two registered representatives disclosed the firm's financial condition to customers. Clements failed to detect or ignore red flags that a representative was conducting an equity offering without approval and misusing proceeds to pay for personal expenses. Among other things, Clements failed to conduct due diligence before the offering and to audit the holding company's use of the proceeds raised in its offerings. Clements also took no steps to ensure that his firm was complying with the disclosure obligations. ([FINRA Case #2015044960501](#))

Joseph Kortei Clotney ([CRD #2764976](#), Lawrenceville, Georgia)

June 19, 2018 – An AWC was issued in which Clotney was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Clotney consented to the sanction and to the entry of findings that he failed to cooperate with FINRA's requests for on-the-record testimony. ([FINRA Case #2016050900001](#))

Steven Roland Knuttila ([CRD #3039112](#), Perham, Minnesota)

June 19, 2018 – An AWC was issued in which Knuttila was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Knuttila consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony relating to an investigation into allegations that Knuttila made unsuitable recommendations to customers. ([FINRA Case #2017052705601](#))

Kyusun Kim ([CRD #2864085](#), San Diego, California)

June 26, 2018 – An AWC was issued in which Kim was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kim consented to the sanction and to the entry of findings that he made unsuitable recommendations to numerous senior customers, who were retiring or had retired, that they concentrate their retirement assets and liquid net worth in speculative and illiquid securities. The findings stated that many of the customers had little or no investment experience other than their 401(k) and pension plans and had never purchased alternative investments. Kim's recommendations were unsuitable for these customers because the speculative and illiquid nature of these investments was inconsistent with the customers' moderate or conservative investment objectives and risk tolerances. In addition, Kim's recommendations resulted in an undue concentration of the customers' retirement assets and liquid net worth in speculative and illiquid investments. Kim failed to disclose to his customers the risks associated with these products, including that the securities were speculative and illiquid. As a result of these recommendations, Kim's customers suffered substantial losses. The findings also stated that Kim's member firm's procedures limited the amount of a customer's net worth that could be concentrated in alternative investments. In order to circumvent these procedures, Kim entered inaccurate and inflated net worth, liquid net worth and investment experience figures on the new account forms and other documents for certain customers so that they appeared to be eligible to purchase certain speculative investments. ([FINRA Case #2017052705001](#))

Jason Taek Chong ([CRD #6061308](#), Mercer Island, Washington)

June 28, 2018 – An AWC was issued in which Chong was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Chong consented to the sanction and to the entry of findings that he failed to provide information requested by FINRA in connection with its investigation of Chong's voluntary termination from his member firm while he was under internal review for commission amounts associated with large institutional trades. ([FINRA Case #2018058621101](#))

Taek Man Chong ([CRD #1551473](#), Mercer Island, Washington)

June 28, 2018 – An AWC was issued in which Chong was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Chong consented to the sanction and to the entry of findings that he failed to provide information requested by FINRA in connection with its investigation of Chong's voluntary termination from his member firm while he was under internal review for commission amounts associated with large institutional trades. ([FINRA Case #2018058621901](#))

Ellen Vratoric ([CRD #2345611](#), McKees Rocks, Pennsylvania)

June 29, 2018 – An Office of Hearing Officers (OHO) decision became final in which Vratoric was barred from association with any FINRA member in all capacities. The sanction was based on findings that Vratoric failed twice to appear and provide sworn testimony at an on-the-record interview in connection with FINRA's review of allegations contained in a Form U5 and subsequent amendments filed by her member firm, and after additional customers complained about her sales of variable and fixed annuities. ([FINRA Case #2016049420501](#))

Individuals Suspended

Frank Dominic Corto ([CRD #2537861](#), York, Pennsylvania)

June 1, 2018 – An AWC was issued in which Corto 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, Corto consented to the sanctions and to the entry of findings that while he was expecting to resign his association with his member firm, Corto directed his office assistant to remove the telephone numbers of firm customers whom Corto had serviced from the firm's database. The findings stated that Corto's office assistant then worked with an intern to remove the telephone numbers. In total, and pursuant to Corto's instructions, they removed 322 customer telephone numbers from the firm's database. As a result, Corto caused the firm's books and records to be incomplete with respect to these customers.

The suspension is in effect from June 4, 2018, through September 3, 2018. ([FINRA Case #2016051407501](#))

Franklin Ihendu Ogele ([CRD #2197820](#), Hillside, New Jersey)

June 1, 2018 – An AWC was issued in which Ogele was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any principal capacity for 45 days. Without admitting or denying the findings, Ogele consented to the sanctions and to the entry of findings that he failed to supervise the trading activity of one of his member firm's registered representatives. The findings stated that Ogele was responsible for supervising the representative, who was the top-producing broker in the firm's branch office. Ogele, however, permitted him to self-supervise his own trading activity. As a

consequence of this lack of supervision, Ogele failed to identify unsuitable excessive trading by the representative in a customer's account. His trading in the customer's account resulted in significant losses, and a cost-to-equity ratio and a turnover rate that should have resulted in a review or investigation by Ogele and the firm. Because no supervisory review of the representative's customer activity was conducted, this activity went undetected.

The suspension was in effect from June 4, 2018, through July 18, 2018. ([FINRA Case #2016047619003](#))

Kevin Edward Looser (CRD #1973866, Delphos, Ohio)

June 4, 2018 – An AWC was issued in which Looser was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Looser consented to the sanctions and to the entry of findings that he participated in 14 private securities transactions without providing prior written notice to his member firm or receiving the firm's approval to participate in the transactions. The findings stated that Looser disclosed to the firm that he was a co-owner of a company that developed a video platform to connect on-call interpreters with deaf or limited language individuals. The firm approved this outside business activity. However, Looser was also involved in raising approximately \$430,000 for the company from the sale of membership units to 14 investors. Looser introduced and discussed the company with 13 firm customers (and one non-firm customer) and then referred those customers to his co-owner in the company to invest. Looser discussed subscription agreements with at least four of the investors and received investment checks from two investors, which he forwarded to the co-owner of the company. Looser did not receive selling compensation for any investments in the company. Looser's firm did not offer the membership units in the company.

The suspension is in effect from June 4, 2018, through October 3, 2018. ([FINRA Case #2017053702901](#))

Paula Darline Galbadores (CRD #5899559, Fremont, California)

June 5, 2018 – An AWC was issued in which Galbadores 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, Galbadores consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose that she had been charged with various felony crimes involving the theft of personal identifying information and money, and willfully failed to amend her Form U4 to disclose her subsequent nolo contendere guilty plea to felony charges.

The suspension is in effect from June 18, 2018, through December 17, 2018. ([FINRA Case #2016052354001](#))

Keith Douglass Geary ([CRD #2996679](#), Edmond, Oklahoma)

June 7, 2018 – A United States Court of Appeals for the Tenth Circuit Order and Judgment became final in which Geary was fined \$20,000, barred from association with any FINRA member in any principal or supervisory capacity and suspended from association with any FINRA member in all capacities for 30 business days. The Court of Appeals for the Tenth Circuit denied Geary's petition for review following the appeal of an SEC decision. The sanctions were based on findings that on two separate instances, Geary permitted his member firm to operate while it lacked the required minimum net capital. The findings stated that Geary caused the firm's first net capital violation when he acquired almost \$77 million in collateralized mortgage obligations (CMOs) in the firm's account without having a buyer for the CMOs, and the firm did not have the money to pay for the CMOs. As a result of the trade, Geary permitted his firm to operate for two days while it was net capital deficient. Geary then knowingly permitted the firm to operate for 13 days while it lacked the required net capital a second time, less than eight months later.

The suspension was in effect from July 2, 2018, through August 13, 2018. ([FINRA Case #2009020465801](#))

Bridgett Lashawn Perry ([CRD #5197543](#), Dallas, Texas)

June 7, 2018 – An AWC was issued in which Perry was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Perry consented to the sanctions and to the entry of findings that she engaged in conduct that caused her member firm to create and maintain inaccurate books and records. The findings stated that Perry obtained a signed, but otherwise blank, portfolio loan account disbursement request form (the master disbursement request) from her firm's customer. Perry used the master disbursement request each time the customer requested a disbursement from her portfolio loan account. At times, Perry also signed or reused the signature of the firm's representative assigned to the customer's account to complete the disbursement request. The customer was aware that Perry was reusing the master disbursement request and authorized each of the transactions. Perry repeated this conduct of using falsified signatures on disbursement requests for two other firm customers. These customers were not aware that Perry was reusing their signatures, but had requested and authorized each of the transactions.

The suspension is in effect from June 18, 2018, through February 17, 2019. ([FINRA Case #2016050973301](#))

Alexander Souponetsky ([CRD #5994959](#), King of Prussia, Pennsylvania)

June 7, 2018 – An AWC was issued in which Souponetsky was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Souponetsky consented to the sanctions and to the entry of findings that he exercised discretion in customers' accounts

without written authorization. The findings stated that although Souponetsky made oral agreements with the customers to exercise discretion in their accounts, the customers did not provide written authorization, and Souponetsky never disclosed the agreements to the member firm. Souponetsky did not qualify for his firm's program that allowed certain financial advisors to exercise discretion in customer accounts, and his compliance manager told him informally that the firm would not approve his exercise of discretion in customer accounts. In addition, the firm informed Souponetsky that it was investigating him for exercising discretion in customer accounts. Souponetsky continued to exercise discretion in customer accounts and purchased for certain customers an inverse exchange-traded product (ETP) that, thereafter, declined sharply in value. All of the customers who purchased the inverse ETP, excluding Souponetsky's family, received compensation in settlements with the firm arising out of his conduct. The findings also stated that Souponetsky caused his firm to maintain inaccurate books and records by mismarking the purchases of an inverse ETP in customers' accounts as "unsolicited" to evade the firm's restrictions. The findings also included that Souponetsky failed to disclose his participation in an outside business activity to the firm. FINRA found that Souponetsky completed a firm compliance questionnaire that asked him to disclose all outside business activities and he did not disclose his participation in the outside business activity that was an active business activity by that time, and falsely certified that he was in compliance with firm's policies.

The suspension is in effect from June 18, 2018, through March 17, 2019. ([FINRA Case #2016049358501](#))

Michael Patrick Spolar (CRD #2192992, Lyndhurst, Ohio)

June 7, 2018 – An AWC was issued in which Spolar was suspended from association with any FINRA member in all capacities for one month. In light of Spolar's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Spolar consented to the sanction and to the entry of findings that without seeking or obtaining approval from his member firm, he issued personal checks totaling approximately \$2,100 to a customer in an effort to reimburse the customer for losses sustained in his options investments. The findings stated that Spolar expressed dismay with the losses that the customer had incurred and unilaterally offered to begin making monthly payments to him in amounts approximately equal to the monthly return that the lost principal would have earned had it been invested in a high-yield bond fund, until the losses were recouped.

The suspension was in effect from June 18, 2018, through July 17, 2018. ([FINRA Case #2017055773501](#))

Alexander Lloyd Martin (CRD #2623934, Royal Oak, Michigan)

June 8, 2018 – An AWC was issued in which Martin was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for 20 business days. Without admitting or denying the findings, Martin consented to the

sanctions and to the entry of findings that while serving as co-president of his member firm, he failed to reasonably supervise registered representatives selling two private offerings issued by the parent company of Martin's firm. The findings stated that the first offering was a convertible debenture bond offering that opened May 10, 2010. The second offering by the parent company comprised a bridge loan program offered in May 2014. The findings also stated that Martin was responsible for implementing supervisory systems to ensure supervision of the conduct, including the sales practices of his firm's registered representatives. Moreover, Martin also served on the Board of Directors for the parent company, from 2009 through 2013. As a result, Martin was acutely aware of the private offerings conducted by the parent company, was familiar with the unique risks associated with the 2010 bonds and the 2014 loan program and knew that the firm's registered representatives were soliciting customers to invest in these offerings. The findings also included that although Martin was a principal and co-president of the firm, and had supervisory responsibility over the sales activities of the firm's representatives, he did not supervise reasonably those activities related to the 2010 bonds or the 2014 loan program. Martin was aware that the firm's registered representatives were recommending and selling the offerings to their customers, but neither he nor anyone else at the firm supervised these sales activities or transactions. Martin assumed, without confirming, that compliance personnel of the firm were supervising these solicitations of a registered representative. Martin himself did nothing to determine whether the registered representative performed any due diligence on the offerings prior to selling them to his customers, or had a proper understanding of the structure and potential risks of those investments. FINRA found that Martin did not perform any review of customer account profile information, investment objectives, risk tolerances, liquidity needs or other related information with respect to the registered representative's customers to assess the suitability of the registered representative's recommendations that those customers invest in the offerings. Likewise, as the registered representative continued to recommend that his customers make additional investments in the offerings, Martin did not conduct any review to determine whether and to what extent the registered representative's customers had become unsuitably over-concentrated in these illiquid investments. As a result of Martin's supervisory failures, the registered representative sold the 2010 bonds and the 2014 loan program to seven of his customers, without having a reasonable basis to believe that the offerings were investments that were suitable for them. The registered representative failed to consider the size of investment in the offerings for two of his customers and recommended that they invest significant percentages of their respective stated net worth in the risky and illiquid offerings. While the registered representative's customers who invested in the bond offering still hold their investments, interest payments ceased after May 2015. Similarly, when the bridge loan principal and interest payments were due to his customers in 2015, the parent company was unable to repay principal, and needed to negotiate new terms with the customers.

The suspension was in effect from June 18, 2018, through July 16, 2018. ([FINRA Case #2016049789602](#))

Andrew Jay Lowe ([CRD #4636118](#), Leesburg, Alabama)

June 11, 2018 – An AWC was issued in which Lowe was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in all capacities for nine months and ordered to pay \$36,180.87, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the findings, Lowe consented to the sanctions and to the entry of findings that he recommended and engaged in unsuitable trading of Class A mutual fund shares. The findings stated that Lowe's recommendations caused the customers to incur unnecessary sales charges, and were unsuitable in view of the short holding periods and cost of the transactions. At the time Lowe recommended Class A shares, he knew that these customers had short-term income needs and would need to make complete or partial liquidations of their investments within a year to meet those needs. Nevertheless, Lowe recommended that these customers purchase the A shares because of his belief that, in the long term, the A share investments provided a better value to the customers. Subsequently, over a two-year period, Lowe effected total or partial liquidations of the A shares, over half of which were held for less than 12 months, to meet his clients' income needs. When comparing the costs for all A shares sold by these customers within 12 months of purchase to the costs they would have incurred if they had originally purchased C shares, in each instance, the C shares would have been more financially beneficial to the clients. Lowe generated approximately \$36,180.87 in net commissions from the complete or partial liquidations. Lowe's member firm has since reimbursed customers \$102,446.47 in sales charges as a result of the unsuitable recommendations. The findings also stated that Lowe willfully failed to timely amend his Form U4 to disclose federal tax liens against him totaling \$183,380.57.

The suspension is in effect from June 18, 2018, through March 17, 2019. ([FINRA Case #2017056130301](#))

Donald Lane Preston ([CRD #4704220](#), Powell, Ohio)

June 11, 2018 – An AWC was issued in which Preston was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for six months, ordered to pay \$3,515.51, plus interest, in deferred restitution of fees to a customer and ordered to pay \$1,427.39, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the findings, Preston consented to the sanctions and to the entry of findings that he recommended variable annuity exchanges and a mutual fund investment to a customer without having a reasonable basis to believe that the proposed investments were suitable. The findings stated that at the time Preston recommended the investments, he knew that the customer was unemployed and needed ready access to cash for his living and medical expenses. The new variable annuity featured increased fees and expenses, and resulted in the loss of a joint death benefit with an annual increase to its guaranteed payout. In addition, Preston recommended that the customer withdraw \$100,000 from his variable annuity and invest it in Class A Shares of an individual retirement account (IRA) mutual fund, a long-term investment with higher associated fees

and commissions. The firm approved the proposed investment, relying on false statements Preston made in the new account application regarding the customer's liquidity needs and the source of funds. The customer incurred fees of \$3,515.51 and Preston earned a commission of \$1,427.39. Preston also recommended that the customer invest the balance of his IRA mutual fund, approximately \$59,000, in another variable annuity, and again the proposed transaction featured increased penalties, fees and expenses, as well as the loss of the guaranteed joint death benefit. The findings also stated that Preston willfully failed to disclose a tax lien and timely disclose a compromise with creditors on an amended Form U4. The findings also included that Preston made false statements to his member firm in connection with his attempts to obtain approval of the proposed variable annuity exchanges and the customer's mutual fund investment. Preston also made false attestations on the firm's compliance questionnaires about his pending liens and that he had completed and submitted all of the forms the firm required when making an investment recommendation, when, in fact, that was not true. FINRA found that Preston caused his firm to maintain inaccurate books and records by misrepresenting the source of funds for a proposed mutual fund purchase on the firm's new account application.

The suspension is in effect from June 18, 2018, through December 17, 2018. ([FINRA Case #2016050474001](#))

Garry Nelson Savage Sr. (CRD #1195330, Huron, Ohio)

June 13, 2018 – An AWC was issued in which Savage was assessed a deferred fine of \$30,000, suspended from association with any FINRA member in all capacities for five months and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Savage consented to the sanctions and to the entry of findings that he failed to obtain FINRA approval of a material change in his member firm's business operations, as required by the firm's Membership Agreement. The findings stated that Savage was the firm's CEO, president, chief compliance officer (CCO) and principal owner. Savage sent a letter to FINRA staff requesting a change in the firm's Membership Agreement to include the sale of real estate investment trusts and alternative investments. Savage stated that he did not believe he needed to file a continuing membership application (CMA) because the additional product lines did not constitute a material change in the firm's business operations. FINRA's Membership Application Program (MAP) staff sent Savage an email response and advised Savage that the proposed changes did constitute a material change in the firm's business operations, and that the firm was required to file a CMA. The firm submitted a request to FINRA staff for a materiality consultation, in which the firm requested the staff's opinion on whether adding certain product lines would constitute a material change in the firm's business operations. The MAP staff informed Savage of its determination that the additional product lines represented a material change in the firm's business operations, and that the firm should not engage in sales of the products until MAP staff had reviewed and approved the firm's request. The MAP staff sent a letter confirming its decision. Despite

the MAP staff's notice and directive, the firm engaged in more than 50 transactions with customers totaling approximately \$4 million, involving the additional product lines. Savage effected several of these transactions himself. Savage caused his firm to engage in sales of securities products for which the firm was not approved pursuant to its Membership Agreement. The findings also stated that while registered with his firm, a husband and wife filed a Statement of Claim with FINRA's Office of Dispute Resolution against Savage and others. Savage has willfully failed to amend his Form U4 to disclose the claim, which is an investment-related, consumer-initiated claim that alleged sales practice violations against him. The findings also included that Savage failed to provide FINRA with requested documents and information in a timely manner relating to the upcoming examination of the firm and the firm's net capital compliance and securities business. FINRA staff emailed Savage a notification that an arbitration award in favor of a customer had been entered against the firm and advised Savage by telephone and email that, as a result of the arbitration award, Savage must suspend his firm's securities business operations in the event that the firm's net capital level had fallen below the required minimum amount. Savage was also advised by FINRA staff to notify the SEC and FINRA of any net capital deficiency. Despite staff's warnings and Savage's knowledge of the aforementioned arbitration awards, the firm conducted a securities business while it was net capital deficient. The firm operated with a net capital deficiency of between \$130,000 and \$150,000, yet executed seven securities transactions on behalf of customers in amounts ranging from \$100,000 to \$500,000 during this time. One of the seven transactions was effected by Savage, and Savage was the principal responsible for reviewing the other six transactions. At no time did Savage file a notification with the SEC and FINRA that the firm had a net capital deficiency.

The suspension in all capacities is in effect from June 18, 2018, through November 17, 2018. The suspension in any principal capacity will be in effect from November 18, 2018, through February 17, 2019. ([FINRA Case #2017052426201](#))

Allen Bernard Holeman (CRD #1060910, Marlboro, New Jersey)

June 15, 2018 – A NAC decision was appealed to the SEC. Holeman was fined 20,000 and suspended from association with any FINRA member in all capacities for four months. The NAC affirmed the findings of the OHO decision but modified the sanctions imposed. The sanctions were based on findings that Holeman willfully failed to timely amend his Form U4 to disclose IRS tax liens filed against him. Holeman also failed to disclose his outstanding tax liens on the compliance questionnaire that he submitted to his firm, even though FINRA had contacted him about the tax liens only two months earlier.

The sanctions are not in effect pending review. ([FINRA Case #2014043001601](#))

Jianan Yang (CRD #6022051, Jersey City, New Jersey)

June 19, 2018 – An AWC was issued in which Yang 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, Yang consented to the sanctions and to the entry of findings that he engaged in work as a career coach through an online career coaching company for approximately \$10,000 in total compensation, without providing prior written notice or obtaining prior written approval from his member firm. The findings stated that Yang completed certain annual acknowledgements in which he incorrectly reported that he had no outside business affiliations.

The suspension was in effect from July 16, 2018, through August 3, 2018. ([FINRA Case #2017053869101](#))

James Wilson Stowell (CRD #1769072, Peoria, Illinois)

June 20, 2018 – An AWC was issued in which Stowell was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Stowell consented to the sanctions and to the entry of findings that he took instructions from an unauthorized person (his customer's husband) to withdraw a total of \$40,000 from his elderly customer's account. At the time, the customer's account did not have a cash balance to distribute. Even though Stowell had no discretionary authority in the account, he liquidated shares of a mutual fund to fund the withdrawals. Stowell authorized the issuance of checks from the customer's account to distribute per the husband's instructions. The customer's account has been reimbursed and her investment positions prior to the husband's withdrawal requests have been reinstated.

The suspension is in effect from July 2, 2018, through August 15, 2018. ([FINRA Case #2016049887101](#))

Wills Schneider Henriquez (CRD #1872198, Hempstead, New York)

June 21, 2018 – An AWC was issued in which Henriquez was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Henriquez consented to the sanctions and to the entry of findings that he effected discretionary transactions in customers' accounts without the customers providing him written authorization to utilize discretion and did not obtain written authorization from his member firm to service the accounts on a discretionary basis. The findings stated that Henriquez mismarked order tickets as unsolicited when, in fact, the trades were solicited, thereby causing the firm to maintain inaccurate books and records.

The suspension is in effect from July 2, 2018, through August 15, 2018. ([FINRA Case #2017052703601](#))

Aon Douglas Miller ([CRD #3083225](#), Chattanooga, Tennessee)

June 25, 2018 – A NAC decision became final in which Miller was fined \$25,000 and suspended from association with any FINRA member in all capacities for a total of 12 months. The NAC affirmed the findings and modified the sanctions imposed by the OHO decision. The sanctions were based on findings that Miller participated in five private securities transactions in which four of his member firm's customers invested a total of \$1,550,000 without providing the required prior written notice to his firm. The findings stated that Miller either solicited investors on behalf of the issuer or served as an intermediary between the issuer and investor. Miller provided investment materials, introduced an investment and endorsed the promoter to the investor, analyzed and recommended investments and served as a proxy for an investor. Miller not only deprived his firm of any opportunity to assess the risks associated with the investments by failing to notify it before becoming involved, but he promoted at least one of the investments in direct contravention of his firm's evaluation, conclusion and instructions to him.

The suspension is in effect from July 16, 2018, through July 16, 2019. ([FINRA Case #2012034393801](#))

Paul Martin Higbee ([CRD #1884660](#), Ho-Ho-Kus, New Jersey)

June 28, 2018 – An AWC was issued in which Higbee was fined \$5,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Higbee consented to the sanctions and to the entry of findings that during a FINRA examination of his member firm, he submitted misleading documents and written responses to questions submitted to his firm by FINRA. The findings stated that these documents and responses, which he signed, concealed the full scope of the activities performed for the firm by a statutorily disqualified person. Two of these responses contained inaccurate statements concerning the statutorily disqualified person's work on firm private placements and the manner in which the disqualified person was compensated. Higbee was aware of information suggesting these written responses were inaccurate or incomplete but he did not inquire with other persons at the firm or take any other steps to ensure that the firm's responses were accurate. In response to a FINRA request for this individual's billing records, Higbee instructed the individual to prepare documents reflecting hours that he purportedly had billed to the firm. Higbee was aware that the individual then prepared and backdated the documents to make it appear as if he had billed his time contemporaneously with the work he performed. Nevertheless, Higbee submitted the timesheets to FINRA without disclosing that they had been backdated. During Higbee's on-the-record testimony, he admitted that the documents he submitted to FINRA were not contemporaneous time records.

The suspension is in effect from July 16, 2018, through April 15, 2019. ([FINRA Case #2016047624602](#))

Brian Sung Hyun ([CRD #2714973](#), Las Vegas, Nevada)

June 28, 2018 – An AWC was issued in which Hyun was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Hyun consented to the sanctions and to the entry of findings that he participated in outside business activities, received compensation and had a reasonable expectation of future compensation, all without providing his member firm with prior written notice of his involvement in these outside business activities. The findings stated that Hyun performed financial modeling assignments for a cannabis consulting company and was paid \$7,350 for his work, and worked for another company that owned and operated a medical marijuana cultivation, processing and dispensary business. Hyun indirectly owned an interest in the second company and thus had a reasonable expectation of future compensation from the company's business activities.

The suspension was in effect from July 2, 2018, through August 1, 2018. ([FINRA Case #2016051411801](#))

Xavier Patino ([CRD #5528139](#), Burr Ridge, Illinois)

June 28, 2018 – An AWC was issued in which Patino was fined \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Patino consented to the sanctions and to the entry of findings that he made material misstatements to a customer and guaranteed the customer against loss in connection with a variable annuity purchase. The findings stated that Patino solicited this customer to purchase a \$192,000 variable annuity contract. Patino provided her with the variable annuity prospectus, which described the features and risks of the product. Prior to finalizing the sale, she presented Patino with a document she had prepared and asked Patino to sign it. The document represented that the customer would never lose her principal investments, that the contract had a guaranteed minimum rate of return and that the customer could withdraw a fixed amount of her investment each year without penalty. Patino knew that all of these representations were false. However, to ensure completion of the securities transaction, Patino signed the document, explicitly signifying that he agreed with the statements. Later, the customer again asked Patino to sign another document she had drafted regarding the variable annuity contract which represented that, absent withdrawals, the customer would receive a guaranteed fixed amount from her investment after five years. Even though Patino knew that the document's representation was false, he indicated his agreement by signing the document. The customer's variable annuity lost value. She complained to Patino's member firm about her losses and presented the guarantees signed by Patino. The firm reimbursed her for her investment losses.

The suspension is in effect from July 16, 2018, through January 15, 2019. ([FINRA Case #2017054170501](#))

Dennis Anthony Contrestano (CRD #1582393, Fresno, California)

June 29, 2018 – An AWC was issued in which Contrestano was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Contrestano consented to the sanctions and to the entry of findings that he executed six unauthorized transactions totaling \$12,530.96 in a customer's account. The findings stated that the customer did not authorize the transactions and promptly complained to Contrestano's member firm. The firm cancelled the six trades and returned the customer's funds, including the \$440.79 in commissions associated with the transactions. In addition, the firm terminated Contrestano's employment and subtracted those commissions from his final paycheck.

The suspension was in effect from July 16, 2018, through August 14, 2018. ([FINRA Case #2017056766801](#))

Individuals Fined

Eli David Broverman (CRD #5655953, Brooklyn, New York)

June 21, 2018 – An AWC was issued in which Broverman was censured and fined \$10,000. Without admitting or denying the findings, Broverman consented to the sanctions and to the entry of findings that he had primary supervisory responsibility for finance and operations at his member firm, and he did not ensure that the firm's practices complied with certain FINRA and SEC financial and operational rules and interpretations. The findings stated that Broverman caused the firm to engage in "window dressing" by altering its practices on reserve computation days specifically to reduce its reserve formula computation, thereby reducing its reserve requirement. The firm had a practice, designed by Broverman, of funding its pre-settlement withdrawal payments by moving the deposits of purchasing customers from its Federal Deposit Insurance Corporation-insured sweep account to its omnibus account one day before settlement of the purchase transactions. Broverman was aware that using these customer free credit balances to fund the pre-settlement withdrawal program was beneficial to the firm, and that the practice of moving customer deposits to the omnibus account before settlement date to fund pre-settlement withdrawals had an effect on the firm's reserve calculation. The findings also stated that Broverman caused the firm to fail to properly segregate customers' wholly owned securities in a good control location. Broverman had primary supervisory responsibility for the firm's compliance with the possession or control requirement of SEC rule. The firm held its customers' securities in omnibus accounts at its clearing firm. Because the clearing firm had a claim on debit balances in the omnibus accounts, the omnibus accounts were not a good control location. To the contrary, customer securities that were in the omnibus accounts were potentially available for use by the clearing firm, to the extent of existing debit balances. ([FINRA Case #2015048047103](#))

Richard Mark Feldman ([CRD #2273453](#), Port Washington, New York)

June 21, 2018 – An AWC was issued in which Feldman was censured and fined \$5,000. Without admitting or denying the findings, Feldman consented to the sanctions and to the entry of findings that he caused his member firm to fail to properly make and keep certain of its books and records. The findings stated that Feldman, on behalf of the firm, did not create and maintain certain records of cash movements in the form required by SEC and FINRA rules. In addition, Feldman did not ensure that the firm’s stock record was maintained on a settlement date basis. Instead, the firm’s systems maintained its stock record on a trade date basis. Feldman’s efficacy as FINOP was limited by the narrow scope of his involvement with the firm’s day-to-day business and his insufficient access to the materials he needed to help the firm comply with the rules. Despite his responsibilities as the firm’s FINOP, Feldman did not insist on receiving more complete information or access from the firm. ([FINRA Case #2015048047102](#))

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.

Atiq Urrehman Khan ([CRD #4727750](#), Gardena, California)

June 8, 2018 – Khan was named a respondent in a FINRA complaint alleging that he failed to timely appear for FINRA-requested testimony in connection with its investigation into whether he had improperly solicited general securities and inserted himself as the beneficiary on a customer’s insurance policy. The complaint alleges that subsequently, Khan completely failed to respond to two additional requests for documents sent to him by FINRA. ([FINRA Case #2016052504602](#))

Michael Joseph Clarke ([CRD #1078211](#), Jersey City, New Jersey)

June 15, 2018 – Clarke was named a respondent in a FINRA complaint alleging that he converted nearly \$600,000 from his colleagues, supervisors and the entities they controlled. The complaint alleges that Clarke deposited all of these funds in his personal bank accounts and converted the funds, using them to pay for personal expenses and to repay other creditors. To date, Clarke has not repaid nearly \$590,000, or paid any interest. The complaint also alleges that Clarke made multiple misrepresentations to induce securities industry contacts, including his colleagues at his member firm, and the entities they controlled to provide him with the funds he converted. To induce these people to give Clarke money, he falsely stated he would use the money to purchase various tickets through his approved outside ticket brokering business that he would resell for a profit,

place a portion of the funds in an escrow account and repay his colleagues, with interest, by a specific date. The tickets did not exist, the escrow deposit was fictitious, and Clarke did not intend to repay the money. The complaint further alleges that Clarke wrote and tendered checks and authorized electronic payments that he knew or should have known would not clear. Clarke wrote checks to various payees and creditors that failed to clear due to insufficient funds in his bank accounts. The failed payments totaled \$479,883. ([FINRA Case #2016050938301](#))

Sean William Killoran ([CRD #4591890](#), Rye, New York)

June 21, 2018 – Killoran was named a respondent in a FINRA complaint alleging that he failed to appear and provide FINRA with testimony in connection with an investigation into his potential involvement in the mismarking of certain securities in a proprietary trading portfolio at his former member firm. ([FINRA Case #2016049197001](#))

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

Legend Securities, Inc. (CRD #44952)
New York, New York
(June 22, 2018)
FINRA Case #2015048048801

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

**McNamee Lawrence Securities, LLC (CRD
#46941)**
Boston, Massachusetts
(June 22, 2018)

Robert R. Meredith & Co., Inc. (CRD #29501)
New York, New York
(June 22, 2018)

Sisk Investment Services, Inc. (CRD #19406)
Syosset, New York
(June 22, 2018)

**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.)

Casimir Capital L.P. (CRD #105061)
Greenwich, Connecticut
(April 12, 2018 – June 20, 2018)

CPIBD LLC (CRD #46049)
New York, New York
(June 3, 2018)

CPIBD LLC (CRD #46049)
New York, New York
(June 8, 2018)

CPIBD LLC (CRD #46049)
New York, New York
(June 17, 2018)

PH Partners, LLC (CRD #130790)
Austin, Texas
(June 3, 2018 – June 22, 2018)

PH Partners, LLC (CRD #130790)
Austin, Texas
(April 12, 2018 - June 20, 2018)

PH Partners, LLC (CRD #130790)
Austin, Texas
(June 8, 2018 – June 22, 2018)

Sisk Investment Services, Inc. (CRD #19406)
Syosset, New York
(June 2, 2018)

Sisk Investment Services, Inc. (CRD #19406)
Syosset, New York
(June 3, 2018)

Sisk Investment Services, Inc. (CRD #19406)
Syosset, New York
(June 8, 2018)

**Firms Suspended for Failing to Pay
Arbitration Awards 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.)

**Windsor Street Capital, LP fka Meyers
Associates, L.P. (CRD #34171)**
New York, New York
(June 4, 2018)
FINRA Case #2018058118001/ARB180010

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.)

Gregory James Connell (CRD #4396726)
Coral Gable, Florida
(June 15, 2018)
FINRA Case #2016051493701

Ashley Evans (CRD #6696935)
Tampa, Florida
(June 11, 2018)
FINRA Case #2018057062701

Valbona Keja Keja-Dasilva (CRD #4461795)
Frederick, Maryland
(June 11, 2018)
FINRA Case #2017056727501

Keesang John Kim (CRD #6242780)
Chicago, Illinois
(June 11, 2018)
FINRA Case #2017055825201

Cynthia Mae Moore (CRD #5925832)
Boyer City, Michigan
(June 15, 2018)
FINRA Case #2018056967001

Joshua Alexander Stephens-Anselm (CRD #6405252)
Far Rockaway, New York
(June 18, 2018)
FINRA Case #2018057425901

John Bradford Stoddard (CRD #5700254)
Murray, Utah
(June 18, 2018)
FINRA Case #2017055929601

David A. Wells (CRD #6219205)
Gilbert, Arizona
(June 11, 2018)
FINRA Case #2017056759701

Yuhong Zhou (CRD #6648794)
Phoenixville, Pennsylvania
(June 11, 2018)
FINRA Case #2018056902801

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.)

Lindsey Leigh Brown (CRD #6273931)
Lawton, Oklahoma
(June 1, 2018)
FINRA Case #2018057560401

Michael Moffatt Dalton (CRD #6634293)
Indianapolis, Indiana
(June 22, 2018 – July 2, 2018)
FINRA Case #2018057495101

William Glenn Downing (CRD #1529382)
Wimberley, Texas
(June 11, 2018)
FINRA Case #2017054634701

James Travis Flynn (CRD #3082615)
Greer, South Carolina
(June 25, 2018)
FINRA Case #2017053354701

Keven Vivean Gayle (CRD #5816879)
Brookhaven, Georgia
(June 20, 2018)
FINRA Case #2017056724701

Lloyd Mark Johnston (CRD #1626695)
Spokane, Washington
(June 25, 2018)
FINRA Case #2018057318201

John Matthew Kurzhal (CRD #3169470)
Cottage Grove, Minnesota
(April 27, 2018 – June 22, 2018)
FINRA Case #2018056841201

Beatriz Hortencia Lira (CRD #6202244)
Lisle, Illinois
(June 18, 2018 – June 22, 2018)
FINRA Case #2018057979701

Cristhelle Maria Medina (CRD #6372877)
Lake Worth, Florida
(June 1, 2018)
FINRA Case #2017056180301

Bradley Taylor Pace (CRD #2097427)
Celebration, Florida
(June 28, 2018)
FINRA Case #2018057561501

Ivan Reyes (CRD #2399736)
Brooklyn, New York
(June 18, 2018)
FINRA Case #2015047602804

David Santos Rodgers (CRD #1375468)
Valley, Pennsylvania
(June 15, 2018)
FINRA Case #2018058057901

Michael August Sekusky (CRD #6834208)
Laflin, Pennsylvania
(June 18, 2018)
FINRA Case #2017056500001

Jimmy Quoc Tran (CRD #6172848)
San Jose, California
(June 18, 2018)
FINRA Case #2018057015301

Anthony Peter Valois (CRD #2868602)
Staten Island, New York
(June 18, 2018)
FINRA Case #2017055582301

James Christopher Ward (CRD #6057228)
Fort Myers, Florida
(June 22, 2018)
FINRA Case #2018058038201

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 Bradford Bennett (CRD #5142893)
Walnut Creek, California
(June 22, 2018)
FINRA Arbitration Case #16-01228

Eddy Blizzard (CRD #4407504)
Perry Hall, Maryland
(June 29, 2018)
FINRA Arbitration Case #17-02709

Vincent Canzoneri (CRD #4635631)
Austin, Texas
(June 22, 2018)
FINRA Case #2018058294401/ARB180013

Barry Franklin Connell (CRD #3070984)
Chester, New Jersey
(June 25, 2018)
FINRA Arbitration Case #17-01958

Charles Maxwell Cox (CRD #4916171)
Daniels, West Virginia
(June 12, 2018)
FINRA Arbitration Case #17-03204

Shane N. Dawkins (CRD #5993367)

Laurelton, New York
(June 19, 2018)
FINRA Arbitration Case #17-00320

Mark Joseph Flanagan (CRD #1949836)

Highland Park, Illinois
(June 7, 2018)
FINRA Arbitration Case #17-01353

Donald Leon Gambony III (CRD #5899865)

Plantation, Florida
(June 12, 2018)
FINRA Arbitration Case #17-03148

Stephan Grivas (CRD #1829703)

Jericho, New York
(June 29, 2018)
FINRA Arbitration Case #17-02299

Scott William Hartman (CRD #6023625)

Dallas, Texas
(June 8, 2018)
FINRA Arbitration Case #17-00711

Evelyn Christina Hernandez (CRD #5620665)

Peachtree Corners, Georgia
(June 6, 2018)
FINRA Arbitration Case #16-01937

Alexander Kibrik (CRD #5557827)

Astoria, New York
(June 12, 2018)
FINRA Arbitration Case #16-03304

James S. Polese (CRD #2636427)

Wenham, Massachusetts
(June 27, 2018)
FINRA Arbitration Case #17-02572

Leslie Ann Slaughter (CRD #5650684)

Columbia, South Carolina
(June 19, 2018)
FINRA Arbitration Case #17-03056

Kenneth Stewart Tyrrell (CRD #2457452)

Vienna, Virginia
(June 19, 2018)
FINRA Arbitration Case #17-02228

Press Release

FINRA Hearing Panel Bars Broker for Violating Terms of His Suspension; Firm Expelled from FINRA Membership for Allowing Broker to Work While Suspended

A FINRA hearing panel permanently barred broker [Bruce Martin Zipper](#) of Miami, FL, for continuing to conduct firm business while serving a three-month suspension. The hearing panel also expelled his firm, Dakota Securities, from FINRA membership for not adequately supervising Zipper, allowing him to associate while suspended (and later while statutorily disqualified) and for falsifying books and records. The decision resolves charges brought by FINRA's Department of Enforcement in November 2017.

In April 2016, Zipper entered into a settlement with FINRA's Department of Enforcement agreeing to pay a \$5,000 fine and serve a 3-month suspension for failing to disclose three outstanding judgments. At the time, Zipper was a principal at a Dakota Securities, a small broker-dealer that operated as a "one man shop" where Zipper wore "all the hats." After agreeing to the settlement, Zipper notified FINRA that he was bringing another broker into his firm to conduct firm business during his suspension. Yet after his suspension started in May 2016, Zipper never stopped his association with Dakota as Zipper continued soliciting Dakota customers, doing business with the firm's clearing broker, and generally operating the firm.

In its disciplinary complaint, FINRA's Department of Enforcement charged Zipper with violating his settlement agreement. The complaint also charged Dakota with allowing Zipper to associate with the firm while suspended and statutorily disqualified, failing to implement adequate supervisory procedures, and maintaining false books and records.

The panel concluded in its decision, "We find that there is no question that Zipper violated his suspension by associating with Dakota" in breach of his settlement." It noted that during the suspension, Zipper regularly communicated with Dakota's clearing firm and vendors regarding the firm's ongoing operations, and with several firm customers in order to provide customers access to the firm's website, their brokerage statements and other records, as well as Zipper's investment analysis and recommendations that led to securities purchases. During the latter part of his suspension in August 2016, Zipper personally negotiated a settlement in an arbitration case against Dakota.

The decision found “the firm knew that Zipper was continuing to associate with it while he was suspended. Zipper conducted Dakota business over firm e-mails; he entered trades in firm systems; he directed services from the firm’s vendors. Indeed, there is little evidence in the record that anyone other than Zipper managed firm business during Zipper’s periods of disqualification. And Dakota took no action to stop the misconduct.”

Unless the hearing panel’s [decision](#) is appealed to FINRA’s NAC, or is called for review by the NAC, the hearing panel’s decision becomes final after 45 days.

Dakota and Zipper appealed to the NAC. The firm’s expulsion and Zipper’s bar are not in effect while on appeal.