

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Ameriprise Financial Services, Inc. (CRD® #6363, Minneapolis, Minnesota) and David Bradley Tysk (CRD #1782289, Eden Prairie, Minnesota). The firm was censured and fined \$100,000. Tysk was fined \$50,000 and suspended from association with any FINRA® member in any capacity for three months. The sanctions were based on findings that Tysk altered computer notes of customer contacts after the customer complained about the suitability of a recommendation. The findings stated that Tysk knew or should have known the importance of customer-related notes in the event of complaints. Tysk's concealed alterations of his notes did not comply with the clear import of the document-retention policies in the firm's code of conduct. Tysk failed to inform the firm of the alterations when he provided a copy of the notes to be produced in discovery during an arbitration proceeding. The customer became suspicious of the notes and requested further discovery to determine whether the notes had been altered after he lodged his complaint with the firm. The firm and Tysk opposed the requests.

In a meeting to prepare for the arbitration hearing, Tysk finally disclosed to the firm that he had altered the notes. Despite knowing that Tysk had altered the notes, the firm failed to inform the customer that a copy of computer notes of customer contacts produced during discovery had been altered. The firm asked Tysk to search his computer for evidence of the edits, but did not take any additional steps to locate previous versions of the notes. The firm also failed to produce an exception report during discovery as required. Just before the hearing, the firm found an exception report relevant to the customer's claim, which it should have provided months earlier. As soon as it could, the firm turned it over to the customer. At the conclusion of the arbitration hearing, the firm and Tysk were sanctioned for violating arbitration discovery rules.

Tysk has appealed this matter to the National Adjudicatory Council (NAC) and the sanctions imposed against him are not in effect pending review. The decision, as it relates to Ameriprise Financial Services, is final. ([FINRA Case #2010022977801](#))

Foothill Securities, Inc. (CRD #1027, Santa Clara, California) and Stephen Guy Shipp Jr. (CRD #1937641, San Mateo, California) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined a total of \$235,000, of which \$25,000 is joint and several with Shipp, and required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written

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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).

and otherwise). Shipp was suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, the firm and Shipp consented to the sanctions and to the entry of findings that the firm did not have an adequate supervisory system and written supervisory procedures (WSPs) to monitor its securities business, failed to follow the supervisory system and WSPs that it had in place, and failed to establish and enforce policies and procedures reasonably designed to supervise the firm's securities business. The findings stated that the firm, acting through Shipp, its chief compliance officer (CCO), heavily relied upon a proprietary data system (STRIPES) for the supervision of its registered representatives and their securities activities and transactions that was inadequate, in that the trading information the proprietary system captured was not consistently accurate or complete. The firm was aware of these shortcomings, but nonetheless primarily relied on STRIPES to perform its trading activity reviews, among other reviews, of its registered representatives. The firm, acting through Shipp, allowed nine of its "dual Office of Supervisory Jurisdiction (OSJ)" or "OSJ-to-OSJ" branch offices to have two producing managers supervise each other's activities, even though such a supervisory structure is prohibited under NASD Rule 3012. The firm, acting through Shipp, had an inadequate supervisory system and WSPs relating to the heightened supervision of its producing managers; failed to complete the "look backs" for six of its seven registered representatives who had outside business activities (OBAs) that were previously approved before the deadline imposed in Notice to Members 10-49; failed to adequately and accurately disclose the required details of the OBAs of its registered representatives in sampled Uniform Application for Securities Industry Registration or Transfer (Form U4) disclosures; failed to timely update its registered representatives' Forms U4; failed to timely file customer complaints, and other customer-related disclosures with FINRA; failed to evidence the daily review and approval of the daily reports of the approved private securities transactions of one of its registered representatives; failed to supervise a registered representative's public appearances on daily radio shows and/or television shows; and failed to maintain customer account records for accounts sampled.

Although the firm appeared to adequately conduct its branch inspections, it failed to create any system to follow up on findings noted in the branch inspections. The firm, through Shipp, failed to supervise private securities transactions, failed to address and correct certain repeat deficiency findings in annual branch inspection reports and did not perform adequate individual branch risk assessments during its annual planning process. The findings also stated that the firm, acting through Shipp, failed to adequately review its registered representatives' securities transactions, failed to adequately evidence the reviews that the firm did conduct, and failed to follow its supervisory system and WSPs in regards to heightened supervision of producing managers by allowing at least one of its producing managers to sign off as the registered representative on his own transactions and to provide the principal approval for those same transactions in STRIPES. The findings also included that the firm, acting through Shipp, approved the participation of a registered representative as a sub-advisor to an exchange-traded fund (ETF) as an OBA, instead of

as private securities transactions. As a result, the firm did not supervise the securities transactions and failed to record the transactions the registered representative executed on its books and records. ([FINRA Case #2012030670401](#))

Firms Fined

The Benchmark Company, LLC ([CRD #22982](#), New York, New York) submitted an AWC in which the firm was censured, fined \$62,500 and required to revise its supervisory system. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it incorrectly marked its ledger as long when its position was short, incorrectly marked its ledger as short when its position was long, and failed to retain an execution price in its order records. The findings stated that the firm accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without either borrowing the security, or entering into a bona-fide arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with Securities and Exchange Commission (SEC) Rule 203(b)(1) of Regulation SHO. The firm failed to disclose required information on customer confirmations.

The findings also stated that the firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in national market system (NMS) stocks that do not fall within any applicable exception and, if an exception applies, are reasonably designed to assure compliance with the terms of the exception. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and FINRA rules. The firm's WSPs were inadequate in addressing several quality of market subject areas and failed to provide for one or more of the four minimum requirements for adequate WSPs which include identifying the individuals responsible for supervision, the supervisory steps and reviews to be taken by the appropriate supervisor, the frequency of such reviews, and how such reviews should be documented. ([FINRA Case #2012030982402](#))

Bloomberg Tradebook LLC ([CRD #40881](#), New York, New York) submitted an AWC in which the firm was censured, fined \$25,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures, including WSPs, that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception; and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. ([FINRA Case #2012034869801](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as managing underwriter, the firm failed to report new issue offerings in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate securities in accordance with the requirements of FINRA Rule 6760(c). ([FINRA Case #2013036731801](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report its short interest positions to FINRA. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning short interest reporting. ([FINRA Case #2013036460801](#))

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected 823 transactions in municipal securities, of which it failed to report 37 transactions, over-reported 19 transactions and reported 56 transactions with inaccurate information. The findings stated that the firm failed to provide a confirmation or provided an incomplete and/or inaccurate confirmation in connection with 64 municipal securities transactions. The findings also stated that the firm failed to reasonably implement its WSPs, or a reasonable alternative review process, and as a result, failed to detect its erroneous reporting of municipal transactions. ([FINRA Case #2013035720201](#))

Capital Portfolio Management, Inc. (CRD #29302, Timonium, Maryland) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its emails were not kept in the format and media required under prevailing rules and regulations, and no independent third party had the necessary access to these records. The firm also had not complied with other rules and regulations, or its own WSPs, concerning the usage and supervisory review of electronic storage media. The findings stated that as the firm transitioned email access to a third-party electronic storage media provider, the firm lost several emails to and from its president. The firm also had not given FINRA advance notice of its use of electronic storage media, and the firm lacked the required audit system providing for accountability. ([FINRA Case #2013035121101](#))

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted an AWC in which the firm was censured and fined \$3,000,000, to be paid jointly to FINRA and the New York Stock Exchange (NYSE). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to deliver prospectuses in connection with sales of certain ETFs to customers. The findings stated that the

firm failed to deliver prospectuses for approximately 255,000 customer purchases of approximately 160 ETFs during a three-month period for which the firm self-reported the ETF prospectus delivery failure. Consequently, from 2009 through April 2011, it is estimated that the firm may have failed to deliver prospectuses for over 1.5 million purchases of ETFs by its customers. The findings also stated that the firm failed to design and implement an adequate supervisory system to achieve compliance with the securities laws and regulations governing ETF prospectus delivery. The firm's decentralized supervisory system was not reasonably designed to ensure compliance with its prospectus-delivery requirements, which contributed to the firm's failure to identify deficiencies in its process, to timely identify the scope of the problem after the firm detected certain failures in 2009, and to timely remedy the inadequacies in its manual process. The firm did not appropriately respond to "red flags" indicating that it had experienced failures to deliver. Although the firm notes isolated ETF prospectus delivery failures in 2009, it did not determine the extent of the issue or fully recognize deficiencies in its supervision in these areas until 2010.

The findings also included that the firm failed to establish, maintain and enforce supervisory control policies and procedures that tested and verified that its ETF prospectus-delivery procedures were in compliance with applicable securities laws and regulations and FINRA rules. The firm's NASD Rule 3012 reports and 2009 and 2010 Annual Compliance Reports failed to adequately address ETF prospectus delivery testing and verification, did not refer to any tests of ETF prospectus delivery, and noted the ETF prospectus-delivery failures but failed to identify any additional or amended supervisory procedures created in response to the test results. ([FINRA Case #2011026502901](#))

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted an AWC in which the firm was censured and fined \$18,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as managing underwriter/securitizer, it failed to report new issue offerings in TRACE-eligible corporate debt products to FINRA within the time frame set forth in FINRA Rule 6760(c). ([FINRA Case #2013036750101](#))

Clearview Correspondent Services, LLC nka BB&T Securities, LLC (CRD #142785, Richmond, Virginia) submitted an AWC in which the firm was censured and fined \$1,000,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to properly aggregate positions for accounts that were acting in concert under the common control of specific registered representatives/investment advisors within the firm. The findings stated that as a result, the firm failed to report positions to the Large Options Position Reporting (LOPR) system. The firm failed to properly aggregate positions for accounts that were acting in concert under the common control of an unregistered third party outside the firm. As a result, the firm failed to report positions to the LOPR and failed to timely report positions to the LOPR. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations,

and FINRA rules, concerning the reporting of options positions to the LOPR. The firm's supervisory system did not include sufficient WSPs providing for the reporting of options positions to the LOPR. ([FINRA Case #2011027537401](#))

Commerce Brokerage Services, Inc. (CRD #17140, Clayton, Missouri) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish a reasonable supervisory system to review its registered representatives' electronic correspondence. ([FINRA Case #2014039170501](#))

Corporate Fuel Securities LLC (CRD #139124, New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it engaged in a securities business without employing a qualified registered principal. The findings stated that during that time period, the firm did not have an individual registered through the firm as a general securities principal, as was required. The firm permitted an individual, who was not registered as a principal, to be designated on Schedule A to the firm's Uniform Application for Broker-Dealer Registration (Form BD) as the firm's chief executive officer (CEO) and CCO, and to function in those capacities. ([FINRA Case #2013037056601](#))

Dawson James Securities, Inc. (CRD #130645, Boca Raton, Florida) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement an adequate system to determine whether a former registrant's disclosed outside business was properly characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of NASD Rule 3040. The findings stated that the firm failed to identify red flags regarding the outside business activity, including the former registrant's emails (and those of other registered firm personnel), and failed to identify material changes to the outside business activity disclosure. ([FINRA Case #2012034911601](#))

Deloitte Corporate Finance LLC (CRD #111747, Detroit, Michigan) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it discovered a technological failure that caused the firm to fail to retain certain emails and internal instant messages (IMs) over an extended period of time. The findings stated that the firm failed to retain approximately 60,300 internal IMs and approximately 850,000 emails between September 2005 and April 2013. Beginning in or about November 2011, the firm upgraded its IM software, which the firm's representatives began using, although at that time, it was not compatible with the firm's existing IM archiving system. As a result, IM conversations between two or more internal personnel were not captured and retained if each had used the new IM software. In or about April 2013, the firm discovered the error when technology services personnel were preparing to upgrade and replace the firm's

existing system for archiving and reviewing IMs. The firm subsequently took steps to assess the impact of the IM issue, and ultimately learned of additional problems involving failures to capture internal IMs, as well as problems with the retention of email communications, dating from September 2005. These additional problems were caused mainly by glitches or delays in adding certain individuals to the firm's archiving system. The firm also learned that the archiving system was capturing additional internal IMs, but the firm was not reviewing them. In August 2013, after the firm began using a new external archiving service, a software error occurred in a data center that was handling IM traffic for most personnel who were subject to archiving. As a result of the software error, IMs were not sent out to the new external archiving service for individuals who were assigned to the data center. As a result, approximately 2,067 internal IMs during a 10-day period in August 2013 were not captured and could not be recovered. ([FINRA Case #2013036935001](#))

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) submitted an AWC in which the firm was censured, fined \$62,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports that contained inaccurate, incomplete or improperly formatted data to the Order Audit Trail System (OATS™). The findings stated that the firm failed to provide written notifications disclosing to its customers its correct capacity in the transaction, that the transaction was executed at an average price, and twice incorrectly disclosed that a "commission" was charged on a principal transaction. The firm marked orders as short when they were long, and marked orders as long when they were short. The firm failed to report the correct Related Market Center Indicator for non-tape reports to the FINRA/Nasdaq Trade Reporting Facility (FNTRF) in transactions of designated securities, and the firm submitted an incorrect execution time for non-tape reports to the FNTRF. The firm made available a report on the covered orders in NMS securities that it received for execution from any person, which included inaccurate information as to whether orders were covered or not covered. The findings also stated that the firm's WSPs did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA and SEC rules. The firm's WSPs failed to provide for one or more of the four minimal requirements for adequate WSPs regarding best execution, trade reporting and OATS reporting. ([FINRA Case #2012031646401](#))

Drexel Hamilton, LLC (CRD #143570, Philadelphia, Pennsylvania) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that despite identifying the need for four unlicensed managing directors to become licensed as general securities principals, the firm permitted the four individuals to retain their managing director titles and/or to continue to act in a supervisory and/or managerial capacity. ([FINRA Case #2013038658501](#))

Feltl & Company ([CRD #6905](#), Minneapolis, Minnesota) submitted an AWC in which the firm was censured, fined \$225,000, and ordered to pay \$13,678.37 in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written procedures, that was reasonably designed to ensure that the firm's sales of leveraged or inverse exchange-traded funds (non-traditional ETFs) complied with all applicable securities laws and NASD® and FINRA rules. The findings stated that despite FINRA's explicit guidance issued in Regulatory Notice 09-31, the firm and its registered representatives failed to exercise due diligence in investigating non-traditional ETFs before recommending them to customers. Furthermore, the firm failed to provide its personnel with adequate training in the appropriate use of non-traditional ETFs and did not adequately supervise and monitor non-traditional-ETF activity in customer accounts. The findings also stated that the firm, acting through some of its registered representatives, recommended non-traditional ETFs to hundreds of retail customers, when it lacked a reasonable basis for believing that the non-traditional ETF transactions its representatives recommended were suitable for any investor. ([FINRA Case #2012030785401](#))

First American Securities, Inc. ([CRD #35841](#), Orrville, Ohio) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written policies and procedures, regarding the sale of leveraged, inverse and inverse-leveraged ETFs (non-traditional ETFs) that was reasonably designed to achieve compliance with applicable securities laws and regulations. The findings stated that the firm allowed its representatives to recommend and sell non-traditional ETFs to customers without any training related to non-traditional ETFs and without establishing WSPs that addressed the sale or supervision of non-traditional ETFs. In addition, the firm did not use or make available to its supervisory personnel any reports or other tools to monitor either the length of time that customers held open positions in non-traditional ETFs or any losses occurring from those positions. ([FINRA Case #2013035064901](#))

First Clearing, LLC ([CRD #17344](#), St. Louis, Missouri) submitted an AWC in which the firm was censured, fined \$10,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, on a review date, it transmitted reports with incorrect, inaccurate or improperly formatted data to OATS. The findings stated that on the review date, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting relating to the firm's sponsored access clients. ([FINRA Case #2013035829301](#))

Forethought Distributors, LLC ([CRD #8326](#), Simsbury, Connecticut) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to

retain all business-related electronic communications, specifically emails, of approximately 28 individuals during an 11-month period in 2013. The findings stated that the firm began using a new outside vendor for its email retention system. On three separate occasions, the firm discovered that as a result of inadvertent gaps in internal processes, the firm had not properly set up a total of approximately 28 individual email accounts to journal automatically to the email retention system. After discovering 11 email accounts affected by the issue, the firm took steps to correct and prevent its recurrence. However, after receiving a request from FINRA for email concerning a registered representative, the firm discovered that the issue had reoccurred with respect to certain additional email accounts and reported the issue to FINRA. ([FINRA Case #2013038584601](#))

Geoffrey Richards Securities Corp. ([CRD #120007](#), Hypoluxo, Florida) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it acted as an underwriter in firm commitment offerings, in violation of its membership agreement and without filing a continuing membership application. The findings stated that the firm's participation as an underwriter in the firm commitment offerings required that it take deductions from its net capital for open contractual commitments. These deductions caused the firm's net capital to fall below its minimum requirement. The firm failed to take or account for the deductions, and conducted a securities business on the days it was net capital deficient. In connection with the underwritings and the net capital deficiencies, the firm failed to file the requisite net capital deficiency notifications in seven instances. In addition, the firm failed to accurately reflect the source of its revenue from underwriting and selling group participation on its general ledger and net capital computations. As a result, the firm filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) Reports and maintained inaccurate books and records. ([FINRA Case #2012030485701](#))

Goldman, Sachs & Co. ([CRD #361](#), New York, New York) and **Goldman Sachs Execution & Clearing, L.P.** ([CRD #3466](#), New York, New York) submitted an AWC in which each firm was censured and fined \$18,750. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that after Goldman, Sachs & Co.'s parent company acquired Goldman Sachs Execution & Clearing, L.P., the firms sought an exemption from the Intermarket Surveillance Group (ISG) from aggregating its option positions for the purposes of position and exercise limit compliance. The findings stated that upon demonstrating that the firms did not share control or influence decisions made with respect to trading in each firm's accounts, ISG granted the exemption request (the aggregation exemption). The aggregation exemption granted on behalf of the options exchanges (the exchanges) was memorialized in a letter to the firms dated October 31, 2000, which stated that the firms must notify the exchanges of any changes made to the structure of the accounts so that the aggregation exemption determination could be re-examined if circumstances changed. Certain Goldman, Sachs & Co. personnel were granted access to Goldman Sachs Execution & Clearing, L.P.'s accounts that were subject

to the aggregation exemption. The access was granted in connection with the integration of the stock loan services the firms offered. This was done pursuant to approval from the NYSE and the American Stock Exchange because such access required relief from Rules 98 and 193, respectively. The firms did not provide the exchanges with notice of this change as required by the terms of the aggregation exemption. The findings also stated that the firms failed to have adequate procedures, including WSPs, reasonably designed to identify material changes in access and management of accounts that were the subject of the aggregation exemption in order to assure that proper notice was given to the exchanges, and proper notice to the exchanges was not provided. ([FINRA Case #2012031743301](#))

ICAP Corporates LLC ([CRD #2762](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$800,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to create or implement an adequate supervisory system, or adopt and maintain adequate WSPs, reasonably designed to monitor business entertainment to ensure that expenses incurred conformed to regulatory requirements, and to safeguard against potential or actual conflicts of interest. The findings stated that the firm's supervisory system and procedures were inadequate for several reasons. The firm generally did not require, and generally did not obtain, itemized receipts for entertainment reimbursement claims. As a result, the firm was unable to evaluate whether the expenses in the entertainment expense submissions included any improper gifts to customers over the \$100 per person, per year limitation set forth in FINRA Rule 3220. Supervisors reviewing and approving the expense claims did not receive adequate and/or accurate descriptive information reflecting what the expenses actually represented and the identity of each attendee entertained at different venues and establishments. The firm also did not aggregate or compare entertainment expenses incurred over time. The firm's expense system was not designed for, and did not permit, the identification of all persons entertained and their respective affiliations. Firm supervisors routinely approved expense reports that omitted names of client attendees and their affiliations, and contained inconsistent information regarding the number of attendees. Without requiring that business entertainment expense submissions include the name of every person entertained and their respective employer, the firm was not in a position to guard against potential or actual conflicts, and ensure that the expenses were legitimate business expenses and not improper attempts to influence employees of others. Without the identity of everyone entertained, a member firm would not be in a position to reasonably ensure that its entertainment practices are consistent with applicable domestic and foreign laws in the event that any public officials, including foreign officials, are among the persons entertained.

The findings also stated that the firm's expense records for business entertainment were frequently inaccurate and incomplete. Specifically, the expense reports, and consequently, the firm's expense records, inaccurately listed "ICAP" as the client entertained, incorrectly indicated that one client company was entertained when multiple companies were entertained, and/or did not record the names of all the individuals entertained and their affiliations. ([FINRA Case #2014039995801](#))

Instinet, LLC ([CRD #7897](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it, directly or indirectly, effected transactions while trading halts were in effect. ([FINRA Case #2011029293401](#))

KCD Financial, Inc. ([CRD #127473](#), DePere, Wisconsin) submitted an Offer of Settlement in which the firm was censured and fined \$5,000. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it allowed its registered representatives to utilize personal email accounts for business purposes, but relied on the registered representatives to determine whether the emails should be forwarded for archived and review. The findings stated that the firm only reviewed and retained those emails that its registered representatives sent to home-office personnel. The firm did not have a system in place to prevent or detect noncompliance, and its email retention and review process was inadequate because it was not reasonably designed to supervise each registered representative. The firm did not retain any of its registered representatives' email communications in an electronic format from which they were easily accessible or readily downloadable for a period of at least two years. As a result, the firm willfully violated SEC Rules 17a-4(b)(4) and 17a-4(f)(2). The firm failed to comply with its own written procedures in that it failed to maintain evidence of supervisory review of employee emails. ([FINRA Case #2011025851501](#))

KCG Americas LLC fka Knight Capital Americas LLC ([CRD #149823](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured, fined \$25,000, and required to revise its policies and procedures, including its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any over-the-counter (OTC) equity security. The findings stated that the firm'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 FINRA Rule 6437. The firm's supervisory system did not include WSPs to ensure the firm took reasonable steps to resolve a locked or crossed market. ([FINRA Case #2011030653801](#))

Keefe, Bruyette & Woods, Inc. ([CRD #481](#), New York, New York) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely obtain the statement required under Regulation Analyst Compensation (Reg AC) for its research analysts who made public appearances, and never obtained the required statements from some of its research analysts. The findings stated that the firm failed to report to FINRA that it had not obtained the required statements and failed to make the required disclosure regarding its failure to obtain the required statements in 2,333 research reports for the 120 days following the end of the first and second quarters of 2011. ([FINRA Case #2012030421301](#))

Key West Investment, LLC (CRD #149418, San Gabriel, California) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in connection with an offering, the firm failed to return investor funds and, instead, released the funds to the issuer and continued to offer and sell units in the offering when the minimum had not been raised and the termination date had passed. The findings stated that, as a result, the firm rendered the private placement memorandum's (PPM) representations to be false and misleading. The firm willfully violated Securities 10(b) of the Securities Exchange Act of 1934 and Rule 10b-9 and FINRA Rule 2010. Rather than depositing investor funds in a properly designated account, the firm caused investor funds to be deposited into a real estate trust account held by a company owned by one of the Fund's managing members. By failing to deposit funds into a proper bank escrow account, the Firm violated Exchange Act Section 15, Rule 15c2-1 and FINRA Rule 2010. The findings also stated that the PPM for both offerings in which the firm participated included a financial performance track record for the developer of the projects that was misleading because it included performance of the development of projects that were unrelated to either offering, and because the unrelated past performance cited was limited to only three transactions that had high historical performance ranging between 100 percent to almost 300 percent, when the developer had approximately 30 years of experience in commercial real estate and likely developed many projects with much lower returns. The PPM for one of the offerings contained internally inconsistent information concerning the minimum investment amount and the total offering amount, and failed to clearly and concisely identify the total amount of fees and expenses related to purchasing the fund. The findings stated that the PPM contained statements that violated NASD Rules 2210(d)(1)(A), (B) and (D). ([FINRA Case #2012030563901](#))

Lake Forest Securities LLC nka AdCap Securities LLC (CRD #46001, Miami, Florida) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report TRACE-eligible securities transactions that the firm executed over a period of time. The findings stated that the firm executed a written agreement with another FINRA-registered firm (reporting firm) requiring the reporting firm to report TRACE-eligible transactions on the firm's behalf. Due to an operational error, the reporting firm did not begin reporting those transactions when it was obligated to do so under the agreement. The firm learned months later that its TRACE-eligible security transactions were not being reported. The findings also stated that the firm created order tickets involving debt securities transactions that failed to contain all required time stamps, including order time, entry time and execution time. The findings also included that the firm failed to reasonably establish, maintain and enforce its WSPs. The firm's WSPs did not address how the firm would follow up with the reporting firm to ensure that TRACE-eligible securities transactions were being properly reported. ([FINRA Case #2012030715601](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) and **Merrill Lynch Professional Clearing Corp.** ([CRD #16139](#), New York, New York). Merrill Lynch, Pierce, Fenner & Smith Incorporated was censured and fined \$5,796,000, of which \$1,040,000 shall be paid to FINRA. Merrill Lynch Professional Clearing Corp. was censured and fined \$1,454,000, of which \$260,000 shall be paid to FINRA. The balance of the firms' fines will be paid to BOX Options Exchange LLC, NASDAQ OMX BX, Inc., and NASDAQ OMX PHLX pursuant to separate settlement agreements. Both firms undertake to, 90 days after the AWC became final, and again 180 days after the AWC became final, make a written submission to FINRA regarding their in-concert reporting. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that as a result of deficiencies in the firms' systems and procedures with respect to reporting positions to the LOPR system, the firms failed to include reportable positions in their LOPR submissions and included inaccurate data in their LOPR submissions. The findings stated that the firms failed to report positions with respect to accounts acting in concert with others that together had established an aggregate position of 200 or more option contracts on the same side of the market covering the same underlying security. Merrill Lynch, Pierce, Fenner & Smith Incorporated reported in-concert positions, but failed to identify them as acting in concert. The firms reported positions to the LOPR system with incorrect account types and reported positions to the LOPR system with incorrect addresses. In its LOPR submissions, Merrill Lynch, Pierce, Fenner & Smith Incorporated aggregated positions having weekly expirations with positions having monthly expirations. Merrill Lynch, Pierce, Fenner & Smith Incorporated's customers exceeded position limits for one security for 98 consecutive days, a second security for 12 days, a third security for 11 consecutive days and a fourth security for 44 non-consecutive days. In addition, in its proprietary accounts, Merrill Lynch, Pierce, Fenner & Smith Incorporated exceeded a position limit in one security for 11 consecutive days and in a second security for 13 non-consecutive days.

The findings also stated that Merrill Lynch Professional Clearing Corp. reported positions inaccurately in certain instances by over-reporting positions as in concert or under-reporting in-concert positions. Merrill Lynch Professional Clearing Corp. improperly deleted positions from the LOPR system on the Friday before expiration, reported positions to the LOPR system with incorrect clearing numbers and failed to update one reported position after a corporate action. The findings also included that both firms failed to establish adequate systems of supervision, including systems of follow-up and review, that were reasonably designed to achieve compliance with the rules governing the reporting of positions to the LOPR system. Merrill Lynch, Pierce, Fenner & Smith Incorporated lacked sufficient WSPs requiring reviews to determine that LOPR submissions accepted by the LOPR system were accurate or that all reportable positions had actually been reported. Although Merrill Lynch Professional Clearing Corp. established WSPs that provided for limited reviews of randomly selected reports, these reviews were inadequate to detect or prevent systemic violations of the LOPR rules. As a result, both firms failed to detect the above violations when they occurred. Instead, in most instances, the violations became known through the reviews FINRA conducted. ([FINRA Case #2012032249301](#))

National Securities Corporation (CRD #7569, Seattle, Washington) submitted an AWC in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm filed late amendments to Forms U4 and Uniform Termination Notices for Securities Industry Registration (Forms U5), and reclassified customer complaints as sales practice violations, after discussions with FINRA, resulting in additional late filings. The findings stated that the firm filed late reports of statistical and summary information regarding customer complaints and settlements. The findings also stated that the firm failed to enforce its established WSPs to ensure timely and accurate NASD Rule 3070 reporting, and the filing of Forms U4 and U5. ([FINRA Case #2011025633901](#))

Newbridge Securities Corporation (CRD #104065, Ft. Lauderdale, Florida) submitted an AWC in which the firm was censured, fined \$138,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold (bought) corporate bonds to (from) customers, and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm failed to execute orders fully and promptly.

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. The firm's supervisory system did not include WSPs providing for any of the four minimum requirements for adequate WSPs regarding corporate bond best execution, sales transactions, OATS, trade reporting, other trading rules (related to clearly erroneous trades), and other rules. The firm failed to provide documentary evidence that on the trade dates reviewed it performed the supervisory reviews set forth in its WSPs concerning order handling, best execution, anti-intimidation/coordination, trade reporting, other rules, automated order handling under SEC Rules 611(a) and (c) of Regulation NMS, sales transactions, other trading rules, other trading rules (related to clearly erroneous trades) and OATS.

The findings also included that the firm failed to report to the FNTRF last sale reports of transactions in designated securities and failed to submit accurate information to the FNTRF for transactions in designated securities. The firm executed short sale orders and failed to properly mark the orders as short. As a result, the firm also effected short sales in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Rule 203(b)(1) of Regulation SHO. The firm executed short

sale transactions and failed to report each of these transactions to the FNTRF with a short sale modifier. The firm failed to prepare memoranda of brokerage orders and prepared memoranda of brokerage orders that contained inaccurate or incomplete information. The firm's trading ledger was also inaccurate. The firm provided written notifications to customers that failed to disclose information or disclosed inaccurate information. The firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The firm has made restitution of \$16,718.33 to the customers affected in the transactions. ([FINRA Case #2009019877901](#))

NEXT Financial Group, Inc. ([CRD #46214](#), Houston, Texas) submitted an AWC in which the firm was censured, fined \$265,000 and ordered to pay \$177,071.01, 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 purchased agency securities for its own account from a customer or sold agency securities for its own account to a customer in the course of its business at an aggregate price that was not fair and reasonable. ([FINRA Case #2011026521101](#))

Oriental Financial Services Corp. ([CRD #29753](#), San Juan, Puerto Rico) submitted an AWC in which the firm was censured, fined \$245,000 and undertakes to submit to FINRA a proposed methodology of how it will identify, review and remediate unsuitably concentrated Puerto Rico (PR) securities purchases. At a minimum, the methodology must include the firm's review of customers' concentrated PR securities purchases effected between December 14, 2012, and June 30, 2013, and a provision explaining how restitution, if any, will be calculated. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm reported to FINRA on Form 4530 that it had not disclosed on customer confirmations the markups and markdowns for riskless principal transactions in PR closed-end funds (PR CEFs).

The findings stated that between 2000 and August 5, 2013, the firm effected approximately 2,800 riskless principal transactions involving PR closed-end funds (CEFs) in approximately 1,000 accounts and failed to disclose approximately \$2.9 million in markups and markdowns on customer trade confirmations. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with Securities Exchange Act of 1934 Rule 10b-10. The firm's staff did not appropriately classify PR CEFs as equity securities and its supervisory staff were therefore unaware that the disclosure requirement for riskless principal transactions in equity securities applied to PR CEFs throughout the 13-year time period. The firm failed to have a system in place to ensure that it disclosed markups and markdowns on riskless principal transactions in PR CEFs because it failed to appropriately classify those products as equities that required disclosures. The findings also included that the firm failed to establish, maintain, and enforce a supervisory system and procedures reasonably designed to identify and review concentrated securities purchases, including PR municipal bonds and PR CEFs. The firm's registered representatives continued soliciting concentrated

purchases of PR securities even after a municipal bond rating downgrade of the general obligation rating of the Commonwealth of Puerto Rico. While the firm's WSPs required that its registered representatives have reasonable grounds to believe that any purchase or sale recommendation was suitable for a particular customer, the WSPs did not outline the steps that the firm should have taken to review the transactions for concentration. Despite having implemented guidelines, the firm did not require that supervisors review for concentrated purchases (i.e., concentration in a single security, substantially similar securities, or securities of a single geographic region), including PR securities, or document their reviews. The firm engaged a consultant to perform a self-review through which it identified six potentially unsuitable purchases of PR securities. ([FINRA Case #2013035308801](#))

PDQ ATS, Inc. (CRD #36187, Glenview, Illinois) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce WSPs reasonably designed to prevent the execution or display of a non-exempt short sale in a security subject to a short sale circuit breaker at a price at or below the national best bid. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning compliance with the Short Sale Circuit Breaker Rule. ([FINRA Case #2013036598201](#))

Popular Securities, Inc. nka Popular Securities, LLC (CRD #8096, San Juan, Puerto Rico) submitted an AWC in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system and procedures reasonably designed to identify and review concentrated securities purchases, including PR municipal bonds and PR closed-end funds. The findings stated that when the PR general obligation bond rating was downgraded, the firm's customers continued purchasing concentrated positions of PR securities. The firm's WSPs did not outline the steps that the firm should have taken to review its customers' securities purchases for concentration, and apart from a procedure that required quarterly reviews of "elderly" customer accounts for concentration of one product in the client's account, the firm did not establish, maintain, or enforce any systems or procedures that required supervisors to review for concentrated purchases (i.e., concentration in a single security, substantially similar securities, or securities of a single geographic region), including PR securities, or document their reviews. ([FINRA Case #2013035309401](#))

Raymond James & Associates, Inc. (CRD #705, St. Petersburg, Florida) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730(a). ([FINRA Case #2013036894301](#))

Sanders Morris Harris Inc. ([CRD #20580](#), Houston, Texas) submitted an AWC in which the firm was censured and fined \$85,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, as a result of an inaccurate deferred tax balance calculation, it inaccurately calculated its excess net capital. The findings stated that the firm, based on the inaccurate net capital calculation, authorized and approved an \$11.6 million distribution to its owners. However, a revised calculation with the correct value for the deferred tax asset and the distribution, later provided to FINRA, reflected a net capital deficiency. The firm continued to conduct a securities business while failing to maintain the required minimum net capital. The findings also stated that the firm failed to maintain accurate books and records to properly reflect the book basis amounts for various partnership interests sold, as well as to accurately accrue the liability for the capital distribution. As a result, the firm filed inaccurate FOCUS filings. ([FINRA Case #2013036468301](#))

Sanford C. Bernstein & Co., LLC ([CRD #104474](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report odd-lot transactions as “tape eligible” to the Trade Reporting Facility (TRF®). ([FINRA Case #2013035829902](#))

SecondMarket, Inc. ([CRD #136962](#), New York, New York) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to retain, and deliver to its email archiving provider, information as to which email addresses were blind carbon copied. The findings stated that the firm’s failure began when it installed a new email server, without ensuring it was properly configured, and ended when it replaced that server more than three years later. ([FINRA Case #2011029759901](#))

Spencer Trask Ventures, Inc. ([CRD #28373](#), New York, New York) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise the outside private securities transactions of two of its registered representatives and did not establish supervisory procedures for those outside transactions. The findings stated that the firm also failed to record those transactions on its books and records. ([FINRA Case #2013035256401](#))

Standard Credit Securities Inc. ([CRD #42813](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE within the time prescribed by FINRA rules. ([FINRA Case #2013037912301](#))

Stifel, Nicolaus & Company, Incorporated ([CRD #793](#), St. Louis, Missouri) submitted an AWC in which the firm was censured, fined \$55,000, required to revise its WSPs and ordered to pay the total combined amount of \$1,407.18, 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 failed to execute orders fully and promptly; and in transactions for or with a customer, failed to use reasonable diligence to ascertain the best inter-dealer market, and buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding market order timeliness. ([FINRA Case #2012034139201](#))

StockCross Financial Services, Inc. ([CRD #6670](#), Beverly Hills, California) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to ensure that accurate origin codes were recorded on its proprietary option orders that the firm had submitted to other member firms for execution, resulting in the execution of proprietary option orders as "customer" instead of "firm." The findings stated that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure that accurate origin codes on its proprietary option orders were submitted to other member firms for execution. ([FINRA Case #2011028137301](#))

Sunrise Securities Corp. ([CRD #29804](#), New York, New York) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The violations resulted in \$3,375.27 in restitution, which the firm has confirmed was either paid or declined. ([FINRA Case #2013037868601](#))

Thrivent Investment Management Inc. ([CRD #18387](#), Minneapolis, Minnesota) submitted an AWC in which the firm was censured and fined \$375,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that from January 1, 2004, through March 21, 2013, the firm failed to deliver thousands of trade confirmations of certain categories of mutual fund transactions to customers due to coding errors in the computerized system that it had established through an outside vendor to generate and send customer confirmations. The findings stated that the firm internally investigated and discovered the causes and scope of the delivery of confirmation failures and reported these failures to FINRA. An independent consultant the retained determined that the coding errors in the computerized system affected certain categories of the firm's

mutual fund transactions during the approximate nine-year time period, and that the firm failed to deliver customer confirmations for 454,426 transactions, with an aggregate value of \$3,324,753,206, in 207,468 mutual fund positions held by 131,194 unique customers. ([FINRA Case #2012033733801](#))

UBS Securities LLC (CRD #7654, New York, New York) submitted an AWC in which the firm was censured, fined \$75,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted OATS reports concerning orders that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm made available a report that included incorrect information on the covered orders in NMS securities that it received for execution from any person. The firm failed to report the correct Related Market Center Code (RMMC) to the FNTRF on last sale reports of designated securities, failed to report the correct RMMC to the OTC Reporting Facility (OTCRF) on last sale reports of transactions in OTC equity securities, and failed to report the correct Market Participant ID (MPID) on last reports of transactions in OTC equity securities. The firm incorrectly submitted to the OTCRF and the FNTRF a clearing-only or non-tape, non-clearing report, because the firm incorrectly designated transactions in OTC equity securities and designated securities as offsetting, “riskless” portions of “riskless” principal transactions when the transactions should have been media-reported as principal transactions instead. The firm incorrectly reported a trade-reporting modifier to the FNTRF related to derivatively priced transactions for orders (and incorrectly reported a “B” modifier as to one of those orders).

The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and FINRA rules. The firm’s WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding Rule 605 of Regulation NMS, OATS accuracy and multiple MPID usage. ([FINRA Case #2012031641301](#))

Wedbush Securities Inc. (CRD #877, Los Angeles, California) submitted an AWC in which the firm was censured, fined \$67,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm failed to provide written notifications disclosing to its customers that the transactions were executed at average prices, that transaction details were available upon request, its capacity in the transactions, and/or that it charged commissions or commission equivalents. The firm failed to prepare accurate books and records. The firm failed to properly mark orders as long or short and as a result, the firm failed to report these transactions to various exchanges with the correct symbol indicating whether the transactions were long or short. The firm failed to report transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the execution time.

The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding accurately identifying buy, short sale and long sale information and clearly erroneous filings, and failed to provide evidence of supervisory review regarding accuracy of books and records. The findings also included that the firm allowed a registered representative to engage in proprietary trading and routing customers' orders for execution on the firm's behalf without being properly registered as a general securities representative and equity trader. ([FINRA Case #2011026107603](#))

WFG Investments, Inc. (CRD #22704, Dallas, Texas) submitted an AWC in which the firm was censured and fined \$700,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct appropriate due diligence and supervision with respect to a private placement offering that a registered representative sold away from the firm as an approved private securities transaction. All of the private placement investors, who were also firm customers, lost 100 percent of their investments resulting from a related entity's fraudulent business practices. The firm failed to detect and follow up on red flags that the related entity was engaged in fraudulent business practices.

The findings stated that the firm failed to supervise a registered representative's private securities transactions that were executed through the representative's registered investment advisory (RIA) firm, in contravention of its WSPs. The representative structured and sold two funds that had substantial investments, exceeding the 50 percent limit set forth in their respective offering documents, in a now-defunct entity. Investors were kept unaware of substantial declines in their investments because the valuations in the funds were unchanged on account statements the RIA prepared. The findings also stated that the firm failed to maintain an adequate supervisory system to ensure that transactions executed in its customer accounts were suitable. As a result, one registered representative traded with discretion in several customer accounts without written authorization, engaged in excessive trading and traded in unsuitable securities. Although exception reports highlighted problematic trading activity, several of the reports were either not reviewed or not properly processed. The findings also included that the firm failed to enforce its WSPs regarding a registered representative's sales of alternative investments. The firm granted a blanket waiver to compliance with the firm's WSPs requiring heightened supervision when certain concentration limits were exceeded with respect to alternative investments. As a result of the firm's decision, several customers invested more than 90 percent of their liquid net worth in various alternative investments without any additional supervision.

FINRA found that the firm failed to supervise statements made by one of its registered representatives, when it failed to appropriately monitor the representative's promotion of his investment strategy on his weekly radio broadcast, which included statements that were exaggerated, misleading or unbalanced. FINRA also found that the firm failed to timely report customer complaints to the 4530 reporting system, failed to timely report settlements, and failed to timely update its registered representatives' Forms U4 and U5. With respect to complaints that were reported to a representative but not disclosed to the firm, the firm failed to timely report the complaints after FINRA notified the firm about them. ([FINRA Case #2013035346501](#))

Individuals Barred or Suspended

Gloria Gonzalez Andrus ([CRD #1178786](#), Austin, Texas) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Andrus consented to the sanctions and to the entry of findings that without prior notice to or approval from her member firm, she borrowed \$390,000 from a brokerage customer to purchase a condominium. The findings stated that Andrus issued a promissory note to the customer promising to repay the loan within a specific period of time. Andrus has repaid \$300,000 to the customer. The findings also stated that Andrus falsely certified on an annual compliance questionnaire that she had not received any loans from her brokerage customers.

The suspension is in effect from January 5, 2015, through March 4, 2015. ([FINRA Case #2013037263701](#))

Molly K. Angelo ([CRD #1552444](#), Mooresville, North Carolina) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Angelo consented to the sanction and to the entry of findings that she failed to provide FINRA-requested documents and information related to an investigation involving allegations that she converted customer funds. ([FINRA Case #2014042966401](#))

Jeffrey Ervin Biernat ([CRD #1390428](#), Lansdale, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Biernat consented to the sanctions and to the entry of findings that, contrary to his member firm's policies and procedures regarding borrowing money from firm customers, he borrowed \$15,000 from a limited liability company that was funded entirely by a firm customer. Biernat has repaid the loan.

The suspension is in effect from January 5, 2015, through May 4, 2015. ([FINRA Case #2013035523701](#))

Kevin J. Bodnar ([CRD #4359960](#), Morris Plains, New Jersey) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Bodnar consented to the sanctions and to the entry of findings that he functioned as a principal of a member firm without being registered as such. The findings stated that Bodnar, who was not registered as a principal, was designated on Schedule A of his firm's Form BD as the firm's CEO and CCO, and functioned in those capacities. Bodnar was actively engaged in the management of the firm's securities business, including hiring and supervising registered representatives, supervising training and compliance, and approving client accounts and the firm's private placement activities.

The suspension was in effect from January 20, 2015, through February 2, 2015. ([FINRA Case #2013037056602](#))

Linford Antonio Brown Jr. ([CRD #2456328](#), Valley Stream, New York) submitted an AWC in which he was assessed a deferred fine of \$17,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that he failed to provide his member firm with written or other notice of his participation in a private securities transaction. The findings stated that Brown recommended that one of his firm customers invest in a privately held company. Brown did not receive selling compensation for his role in the transaction. The customer's investment was not made through the firm, and Brown did not provide written or other notice to the firm prior to participating in the customer's investment in the company. The findings also stated that while registered with another member firm, Brown failed to disclose criminal charges and a judgment on his Form U4. Brown also failed to disclose the judgment on his Form U4 while registered with another member firm.

The suspension is in effect from December 15, 2014, through June 14, 2015. ([FINRA Case #2012034597001](#))

Matthew William Brown ([CRD #5678226](#), Massapequa, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that he failed to timely disclose a felony charge on his Form U4.

The suspension was in effect from January 5, 2015, through February 3, 2015. ([FINRA Case #2014040352001](#))

Ted Wayne Cadwallader ([CRD #3256070](#), North Tonawanda, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Cadwallader consented to the sanction and to the entry of findings that he failed to cooperate with a FINRA investigation by refusing to appear

for on-the-record testimony in connection with its investigation involving potential issues related to private securities transactions and outside business activity disclosures. ([FINRA Case #2014042259701](#))

Stuart Anthony Cahill (CRD #2556996, Dallas, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Cahill consented to the sanctions and to the entry of findings that he borrowed a total of \$65,000 from two customers of his member firm, contrary to the firm's WSPs prohibiting borrowing money from customers. The findings stated that Cahill failed to make all the required payments on the loans, prompting both customers to file legal actions. The findings also stated that on the firm's annual compliance questionnaire, Cahill falsely denied having received a check from a customer made payable to him or soliciting or accepting a loan from a customer. In addition, during an investigation by the firm into a customer complaint regarding a loan, Cahill falsely denied to the firm as to having borrowed funds from any other customer.

The suspension is in effect from December 15, 2014, through December 14, 2015. ([FINRA Case #2014040300901](#))

David Glenn Chapman (CRD #1702066, Holmdel, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chapman consented to the sanction and to the entry of findings that he forged a deceased customer's signature on a document necessary to renew the customer's lapsed automobile insurance policy. The findings stated that Chapman arranged for his assistant to pay the customer's outstanding premium on the policy; and as a result of reinstating the customer's policy, he earned a quarterly bonus of \$325 from his member firm. The findings also stated that Chapman provided false information to FINRA concerning the renewal of the customer's automobile insurance policy. ([FINRA Case #2014039785201](#))

Kevin James Connors (CRD #2765622, Clarendon Hills, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Connors consented to the sanction and to the entry of findings that he submitted four expense reports to his member firm, each of which falsely attested that a personal meal expense charged on his firm corporate credit card was eligible for payment as a business expense. The findings stated that following Connors' submission of these improper expense reports, the firm paid the bill for Connor's firm-issued credit card, approximately \$689 of which was improperly expensed. For each of the aforementioned expense reports, Connors checked the acknowledgment box in the firm's electronic travel and expense system indicating that the expenses were being claimed in compliance with applicable firm policy when he knew that the reports actually sought payment for personal expenses. As a result of his conduct, Connors converted funds from the firm and caused the firm to maintain inaccurate books and records. ([FINRA Case #2013038925501](#))

Mark Cox aka Marc Cox ([CRD #2109421](#), Carlsbad, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Cox consented to the sanctions and to the entry of findings that he failed to amend his Form U4 in a timely manner to disclose tax liens. The findings stated that Cox inaccurately represented on an attestation submitted to his member firm that he was not the subject of any unsatisfied liens, when he was in fact subject to one of the Internal Revenue Service (IRS) tax liens.

The suspension is in effect from January 5, 2015, through April 4, 2015. ([FINRA Case #2013036998701](#))

Teresita Gispin Crespo ([CRD #5798965](#), Santa Ana, California) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for 15 business days. In light of Crespo's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Crespo consented to the sanction and to the entry of findings that she participated in undisclosed private securities transactions for herself and an investor, who was not associated with her member firm, for which she received a commission credit. The findings stated that Crespo did not provide her firm with prior written notice of her participation in such transactions or obtain written permission to receive the commission credit. These transactions were outside the regular course and scope of Crespo's employment with the firm.

The suspension was in effect from January 5, 2015, through January 26, 2015. ([FINRA Case #2013035663301](#))

Michael Richard Crow ([CRD #57845](#), San Jose, California) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Crow consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without his member firm's prior written authorization. The findings stated that it was determined that Crow had exercised discretion in a customer's non-discretionary account and without a power of attorney after his firm issued a Letter of Admonishment to Crow for entering discretionary orders in several customer accounts that were not firm-established discretionary investment advisory service accounts or accounts over which Crow had power of attorney. The customer did indicate that she was satisfied with the way that Crow had handled her account and that she had given Crow oral authorization to exercise discretion in her account. As a result of Crow's handling of the customer's account, the firm discharged Crow for exercising discretion in a non-discretionary account.

The suspension is in effect from January 5, 2015, through February 17, 2015. ([FINRA Case #2013039162501](#))

Ramon Limjoco Cunamay ([CRD #2592616](#), Martinez, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Cunamay consented to the sanctions and to the entry of findings that he failed to timely update his Form U4 to reflect an unsatisfied judgment and a compromise with creditors.

The suspension is in effect from January 20, 2015, through March 19, 2015. ([FINRA Case #2012033169301](#))

Jon Mark Dabareiner ([CRD #1893076](#), Hardy, Virginia) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Dabareiner consented to the sanctions and to the entry of findings that he, or others acting on his behalf, copied customer signatures from one document and pasted them onto another document, or used documents from one transaction to effectuate another transaction by altering the date. The findings stated that in one such instance, two customers signed an Account Transfer and Direct Rollover Form to transfer securities held elsewhere into their joint account at Dabareiner's member firm. On the same day, Dabareiner copied their signatures from this form three times to effect three additional transfers of their securities from other entities or brokerage firms. The customers gave him permission to copy their signatures.

The suspension was in effect from December 1, 2014, through December 31, 2014. ([FINRA Case #2013035749801](#))

Andrew James DeVine ([CRD #5048058](#), O'Fallon, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, DeVine consented to the sanction and to the entry of findings that he misappropriated a total of \$739 from customers of his member firm's insurance affiliate by taking funds intended to pay insurance premiums and instead using the funds for his own personal benefit. ([FINRA Case #2013038128101](#))

Henry McLain Dickinson III ([CRD #727492](#), Katy, Texas) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 20 business days. In light of Dickinson's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Dickinson consented to the sanctions and to the entry of findings that through his member firm, he charged excessive mark-ups on riskless principal corporate bond transactions through improper interpositioning. The findings stated that this involved the nearly simultaneous purchase from one customer and sale to another customer of the same face amount of the same bond in an attempt not to use the actual cost to the firm. Dickinson's markups resulted in \$127,506 in unfair markups. Dickinson's markups on the transactions were not fair and reasonable taking into consideration all

relevant circumstances. In addition, by unnecessarily interpositioning another broker-dealer between transactions, Dickinson failed to obtain the most favorable price possible under prevailing market conditions.

The suspension was in effect from January 5, 2015, through February 2, 2015. ([FINRA Case #2011027910401](#))

John Brendan Dobbertin (CRD #3254308, Fayetteville, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Dobbertin consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a felony offense and two unsatisfied federal tax liens.

The suspension is in effect from January 5, 2015, through July 4, 2015. ([FINRA Case #2013036005001](#))

Susan Lynne Ellerbrook (CRD #2601238, Greenwood, Indiana) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Ellerbrook consented to the sanctions and to the entry of findings that she falsely represented on an internal electronic request form that she had verbally “verified requestor’s identity and confirmed instructions” prior to initiating a \$22,000 wire transfer from a member firm customer’s account to a third party. The findings stated that Ellerbrook, after receiving an email purportedly from the customer directing her to wire the funds to the third party, attempted to reach the customer by phone, to verbally confirm the instructions, as required by her firm’s policies. Ellerbrook was unable to speak to the customer directly, and left a voicemail message. The firm learned that the customer’s email account had been hacked, and that the emails Ellerbrook had received from the customer’s email address, and subsequently acted upon, were fraudulent. The firm subsequently credited the customer’s account for the full amount of the withdrawal. At the time Ellerbrook received the wire transfer request from the hacked email account, there had been a standing order to distribute \$7,000 from the account to the customer, on a monthly basis. However, there was no longer sufficient cash to distribute those funds from the customer’s account, because almost the entire cash balance had been wired to the third party. Ellerbrook attempted to contact the customer by telephone to obtain authority to sell 1,000 shares of a preferred stock. After a few hours of not receiving a response from the customer, Ellerbrook liquidated 1,000 shares of preferred stock from the customer’s account in order to fund the standing monthly distribution without the customer’s knowledge or consent.

The suspension was in effect from December 15, 2014, through February 14, 2015. ([FINRA Case #2013039612601](#))

Timothy A. Ells ([CRD #6005057](#), Naperville, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ells consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for information regarding a former member firm's allegations that he may have manipulated production goals involving the sale of insurance policies. ([FINRA Case #2014040458001](#))

Michael Fasciglione ([CRD #1806486](#), Dix Hills, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Fasciglione consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose an IRS tax lien.

The suspension is in effect from January 20, 2015, through February 19, 2015. ([FINRA Case #2012034246201](#))

Chris Fulco ([CRD #4093586](#), Staten Island, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Fulco consented to the sanction and to the entry of findings that he participated, either directly or indirectly, in the sales of a non-public company's shares away from his member firms without providing written notice to or receiving approval from his firms. The findings stated that Fulco concealed his involvement in the transactions, from one of his firms, by lying on the firm's compliance questionnaire. The findings also stated that Fulco misrepresented his involvement in the transactions during his FINRA testimony. Fulco falsely testified that wire transfers he received were not payments relating to the transactions and that he did not use his personal email account to communicate with the company. The findings also included that Fulco encouraged another individual not to appear for his scheduled on-the-record interview with FINRA or, if he did, to provide false testimony. FINRA found that Fulco willfully failed to timely disclose a federal tax lien and civil judgment on his Form U4. ([FINRA Case #2011030015301](#))

Steven Dominick Giglio ([CRD #5669754](#), Staten Island, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Giglio consented to the sanctions and to the entry of findings that in order to prevent certain life and disability insurance policies from lapsing within the first policy year, he falsified signatures of four customers on six money orders. The findings stated that Giglio purchased the money orders with his own personal funds and subsequently remitted them to his member firm to pay the outstanding disability and life insurance premiums on the policies at issue. The payments extended the coverage under the policies and prevented the lapse in coverage within the first policy year. By extending the coverage under the policies, Giglio was able to potentially qualify for an additional award or incentive payments.

The suspension is in effect from December 15, 2014, through April 14, 2015. ([FINRA Case #2013037919501](#))

Eric Andrew Jacobs ([CRD #5907784](#), San Francisco, California) was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 60 days. The sanctions were based on findings that Jacobs disclosed his member firm's confidential information regarding an initial public offering (IPO). The findings stated that Jacobs did not request, and therefore never received, his firm's approval to disseminate the confidential information outside of the firm or to send an email containing the confidential information. The firm has at least four different policies that prohibited the disclosure of confidential information.

The suspension is in effect from January 5, 2015, through March 5, 2015. ([FINRA Case #2012034284301](#))

Frederic J. Jouhet ([CRD #3014239](#), Shelby Township, Michigan) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Jouhet consented to the sanctions and to the entry of findings that he engaged in private securities transactions without providing written notification to his member firm describing the securities transactions and the role he played in them. The findings stated that Jouhet and another individual co-founded a medical research firm. Jouhet facilitated a firm customer's investment in his medical research firm, a securities transaction, by, among other things, signing documentation evidencing the customer's purchase. Following the creation of a new entity after Jouhet's medical research firm dissolved, the customer and Jouhet acquired ownership interests and Jouhet became its president. The membership interests in the new entity also constituted securities. As he did previously, Jouhet facilitated the customer's investment in the new entity, a securities transaction, by, among other things, signing documentation evidencing the customer's purchase.

The suspension was in effect from December 15, 2014, through January 13, 2015. ([FINRA Case #2013036705801](#))

Elliot Katz ([CRD #1252494](#), Great Neck, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 60 days. In light of Katz's bankruptcy discharge granted on May 13, 2014, under Section 727 code, no monetary sanction was assessed. Without admitting or denying the findings, Katz consented to the sanction and to the entry of findings that he provided consulting services to a registered investment advisor who was not affiliated with his member firm and failed to give his firm prior written notice of this outside business activity, which was outside the scope of his relationship with the firm. The findings stated that for those services, Katz received compensation in the amount of approximately \$6,826.50.

The suspension is in effect from January 5, 2015, through March 5, 2015. ([FINRA Case #2013037676401](#))

Chad Michael Keller ([CRD #2846901](#), Saratoga, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Keller consented to the sanction and to the entry of findings that he refused to appear for FINRA-requested on-the-record testimony in connection with an investigation into allegations that he structured cash withdrawals and deposits using his personal funds in a personal banking account. ([FINRA Case #2013038529101](#))

Diane Lamb ([CRD #1523728](#), Toledo, Ohio) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for 45 days. In light of Lamb's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Lamb consented to the sanction and to the entry of findings that she borrowed \$12,000 from two friends, a married couple, who were also customers of her member firm. The findings stated that Lamb had made a \$2,000 payment to the customers, but did not repay the remaining \$10,000. At the time of the loan, the firm had a policy that prohibited borrowing money from firm customers, unless the customers were immediate family members. Because the customers were not immediate family members, Lamb violated the firm's policies.

The suspension is in effect from January 5, 2015, through February 18, 2015. ([FINRA Case #2013037651201](#))

Philip Taylor Lang ([CRD #3006186](#), Jackson, Mississippi) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Lang consented to the sanctions and to the entry of findings that he executed discretionary trades in five accounts belonging to his family member without obtaining the family member's prior written authorization and without having his member firm's acceptance of the accounts as discretionary accounts. The findings stated that Lang failed to complete or submit any discretionary account disclosure forms for his family member's accounts, as required by his firm's WSPs. Lang completed and submitted annual employee certification forms with inaccurate answers regarding whether he handled any customer accounts on a discretionary basis that had not been previously reported to the firm. The findings also stated that Lang made unsuitable investment recommendations in four of the accounts. Unbeknownst to his family member, Lang changed the investment objective for each account and began speculative trading in the accounts on a discretionary basis. Lang's speculative trading activity was inconsistent with the family member's investment objectives, financial situation and needs. Lang, by misstating the investment objectives, caused his firm to maintain inaccurate books and records.

The suspension is in effect from January 5, 2015, through October 4, 2015. ([FINRA Case #2012033887601](#))

Sean J. Lee ([CRD #6023958](#), Reno, Nevada) was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. The sanctions were based on findings that Lee borrowed \$13,000 from a customer of his member firm without the firm's knowledge or consent and in contravention of the firm's procedures and code of ethics, which expressly prohibited accepting a loan from a customer. The findings stated that Lee completed annual certifications wherein he certified to the firm that he would abide by the firm's code of ethics and compliance policies. The findings also stated that the firm did not learn of the customer's loan to Lee until the customer contacted the firm. Lee subsequently admitted that he accepted the loan and the firm reimbursed the customer the \$13,000 loan amount plus a \$145 finance charge that the customer had incurred. Lee did not reimburse the firm for paying off his loan.

The suspension is in effect from December 15, 2014, through December 14, 2015. ([FINRA Case #2013037833101](#))

Daryl Richard Lemon ([CRD #2473133](#), Los Angeles, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lemon consented to the sanction and to the entry of findings that he executed 1,236 transactions in an elderly customer's discount brokerage account maintained at another broker-dealer without providing prior written notice, or any notice at all, to his member firm. The findings stated that Lemon periodically charged the customer amounts that he characterized as "advisory fees." ([FINRA Case #2013036632201](#))

William Charlton Mays ([CRD #2693626](#), Corpus Christi, Texas) was barred from association with any FINRA member in any capacity and ordered to pay \$10,000, plus interest, in restitution to a customer. The sanctions were based on findings that Mays converted and misused a customer's funds for his own benefit. The findings stated that Mays received a \$50,000 check after soliciting the customer to invest in stocks and commodities. Mays used at least \$30,968.58 of the customer's money for personal purposes. When the customer requested the return of the investment principal, Mays told the customer that he would not be able to return the money, but later repaid the customer \$40,000 of his \$50,000 investment. The findings also stated that Mays, while associated with his member firm, was a registered agent and sole member of an entity and failed to disclose this outside business activity to his firm. The findings also included that Mays willfully failed to timely disclose a federal tax lien in the amount of \$67,032.57 on his Form U4. FINRA found that Mays failed to respond to FINRA's requests for information and documents related to its investigation into whether he had misappropriated funds, operated a Ponzi scheme, and engaged in unapproved outside business activities. ([FINRA Case #2013036238801](#))

Deanna Rae McClean ([CRD #4222057](#), Rock Island, Illinois) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McClean consented to the sanction and to the entry of findings that she used personal funds to pay life insurance premiums for customers to ensure that

their policies did not lapse and, to qualify for the highest possible commission rate paid by her member firm's affiliate. The findings stated that McClean's actions violated the affiliate firm's policy and the Iowa Insurance Code. McClean paid many of the premiums with money orders and, on occasion, forged customer signatures on the money orders. As result of McClean's misconduct, she received unwarranted commissions of at least \$26,113, which she converted to her own use. ([FINRA Case #2013039581301](#))

David McSwiggen (CRD #1077473, Aurora, Illinois) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, McSwiggen consented to the sanctions and to the entry of findings that he marked customer orders as unsolicited, when in each instance, the customer order was solicited. The findings stated that the fund that McSwiggen purchased for his customers was not on his member firm's approved list; and as a result, registered representatives were not permitted to solicit orders for the fund. Each of McSwiggen's customers' orders for the purchase of the fund, as well as each sell order that comprised part of an exchange, should have been marked "solicited." As a result, McSwiggen caused the books and records of his firm to be inaccurate.

The suspension was in effect from January 20, 2015, through February 2, 2015. ([FINRA Case #2012032540501](#))

Timothy Patrick Murray (CRD #1058740, Cincinnati, Ohio) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Murray consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens and willfully filed an inaccurate amended Form U4 when he failed to disclose a tax lien.

The suspension is in effect from December 15, 2014, through April 14, 2015. ([FINRA Case #2013037708201](#))

Dean Sadrudin Mustaphalli (CRD #2792038, Commack, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in any capacity for two years and ordered to disgorge \$41,800, plus interest, in management fees. Without admitting or denying the allegations, Mustaphalli consented to the sanctions and to the entry of findings that he formed and acted as managing director for a hedge fund through which he sold investments and received compensation, all without providing prior written notice to or receiving written acknowledgment from his member firm, regarding the private securities transactions, the outside business activity, or his expected compensation. The findings stated that as part of FINRA's investigation into Mustaphalli's conduct, he failed to timely provide a list of the hedge fund clients or unredacted account statements for the business account he controlled. Subsequent to FINRA's filing of the complaint in this matter, Mustaphalli produced all of the documents FINRA requested.

The suspension is in effect from December 15, 2014, through December 14, 2016. ([FINRA Case #2013036880302](#))

Scott Cameron Nicol ([CRD #2331269](#), Clarkston, Michigan) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Nicol consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 and willfully failed to disclose in subsequent Form U4 amendments that he had two IRS tax liens, two civil liens, and an arbitration judgment filed or awarded against him.

The suspension is in effect from January 5, 2015, through July 4, 2015. ([FINRA Case #2013036671901](#))

Timothy David O'Brien ([CRD #1182298](#), Inver Grove Heights, Minnesota) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, O'Brien consented to the sanctions and to the entry of findings that he exercised discretion in two customers' accounts without his member firm's approval and without obtaining the customers' prior written authorization.

The suspension was in effect from January 20, 2015, through February 2, 2015. ([FINRA Case #2013036967201](#))

Monica Arreola Perez ([CRD #5103164](#), Buena Park, California) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for one month. In light of Perez's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Perez consented to the sanction and to the entry of findings that without seeking her member firm's pre-approval, she borrowed \$5,000 from a customer. The findings stated that Perez has only repaid \$1,000 of the loan, although the firm has fully repaid the customer. Perez falsely acknowledged on multiple firm annual compliance questionnaires that she had not borrowed money from any firm customer, that she had read and understood the firm's compliance manual, and that she had agreed to comply with the policies and procedures, which expressly prohibited registered representatives from borrowing money from any firm customer.

The suspension is in effect from January 20, 2015, through February 19, 2015. ([FINRA Case #2014039707901](#))

John Gregory Phillips ([CRD #3121227](#), Ruston, Louisiana) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Phillips consented to the sanctions and to the entry of findings that he falsified insurance customers' certificates of insurance (COIs) by adding insurance coverage not offered by

his member firm's affiliated insurance company. The findings stated that Phillips knew that the added coverage was not offered by the insurance company and, accordingly, he failed to submit the revised COIs to the insurance company's underwriting department for review.

The suspension is in effect from December 15, 2014, through December 14, 2015. ([FINRA Case #2012035315501](#))

Brian Lewis Pittman (CRD #2963196, Naples, Florida) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Pittman consented to the sanctions and to the entry of findings that he participated in private securities transactions, specifically the sale of oil and gas limited partnership interests that were not approved for sale by his member firm, without providing prior written notice of his participation or obtaining his firm's approval of his participation in such transactions. The findings stated that Pittman referred his firm's customers to invest in the private securities and received approximately \$45,000 in compensation, but returned the compensation after his firm instructed him to do so.

The suspension is in effect from December 15, 2014, through April 14, 2015. ([FINRA Case #2012034304002](#))

David Leonard Potter (CRD #2991638, St. Petersburg, Florida) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Potter consented to the sanctions and to the entry of findings that in connection with an attempted private offering for his investment advisory firm, he participated in the offering before his member firm approved the offering and after the firm requested that he cease participation. The findings stated that Potter failed to file the offering documents with FINRA's Corporate Finance Department and made negligent misrepresentations to investors regarding the financial statements attached to the private placement memorandum. Potter knew that the minimum contingency had not been, and would not be, met. Potter was also notified that the offering had significant regulatory deficiencies and therefore understood that the offering needed to be unwound, with the investor funds returned. Potter later returned the funds to investors.

The suspension is in effect from January 5, 2015, through June 4, 2015. ([FINRA Case #2013035055102](#))

James Francis Reid (CRD #2197427, Cypress, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Reid converted customer funds for his personal use by depositing cash and check insurance premiums, totaling more than \$21,000, from customers of his member firm's insurance affiliate into his personal checking account instead of applying the funds for the customers' benefit. The

findings stated that Reid failed to appear and provide FINRA-requested testimony regarding to its investigation into allegations that he misappropriated customer premiums. ([FINRA Case #2013037842501](#))

Sunil K. Sachdeva ([CRD #2436971](#), Norcross, Georgia) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Sachdeva consented to the sanctions and to the entry of findings that he participated in outside business activities without disclosing such participation to his member firms. The findings stated that Sachdeva had an ownership interest in, and was a member manager of, six different limited liability companies with various friends and family members, some of whom were customers of the firms. The findings also stated that Sachdeva made misrepresentations to his firm regarding his participation in the outside business activities on four annual compliance questionnaires. Each year, Sachdeva falsely represented in Annual Compliance Reviews that all of his outside business activities were disclosed on his “OBA Disclosure Statement” or on his Form U4.

The suspension is in effect from January 5, 2015, through July 4, 2015. ([FINRA Case #2013037746801](#))

Don-Mario Oved Saint-Paul ([CRD #5467633](#), Westbury, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the allegations, Saint-Paul consented to the sanctions and to the entry of findings that he willfully failed to timely disclose criminal felony charges on his Form U4 and willfully failed to disclose a subsequent felony guilty plea on his Form U4. The complaint alleges that Saint-Paul made false attestations to his member firm on annual compliance questionnaires through which he failed to disclose the felony charges and subsequent felony guilty plea and conviction.

The suspension is in effect from January 5, 2015, through January 4, 2016. ([FINRA Case #2012034823401](#))

Randall A. Samson ([CRD #2691518](#), Manteca, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Samson consented to the sanction and to the entry of findings that he converted \$10,000 from the 401(k) account of an employee, who was also a customer, of his member firm. The findings stated that Samson, without the individual’s knowledge or consent, used his position as the plan’s trustee to complete a \$10,000 distribution from the 401(k) account to his personal bank account. Samson used the proceeds to fund payroll and other overhead expenses for his company. The findings also stated that Samson provided false statements to his firm’s compliance staff in connection with an inquiry into the \$10,000 distribution in an effort to conceal his misconduct. ([FINRA Case #2014040829901](#))

David Lee Shafranek ([CRD #2919901](#), Long Beach, New York) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Shafranek consented to the sanctions and to the entry of findings that, without his member firm's knowledge or approval, he participated in private securities transactions by soliciting at least four of his firm's customers to invest in a start-up company. The findings stated that the firm's policies and procedures prohibited its registered representatives from participating in private securities transactions not associated with the firm.

The suspension was in effect from January 5, 2015, through February 2, 2015. ([FINRA Case #2014040781601](#))

Craig Simmons Sr. ([CRD #1727359](#), Astoria, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Simmons consented to the sanctions and to the entry of findings that he failed to disclose the full extent of his federal and state tax liens in a complete, accurate and timely manner on his Form U4.

The suspension was in effect from January 5, 2015, through February 4, 2015. ([FINRA Case #2013038658502](#))

Susan Marie Skaar ([CRD #2317937](#), Bozeman, Montana) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Skaar consented to the sanctions and to the entry of findings that she affixed four different customers' initials to four documents and signed two other customers' signatures to two documents. The findings stated that her member firm's procedures prohibited signing a customer's name, even if it was to accommodate the customer.

The suspension was in effect from January 5, 2015, through February 2, 2015. ([FINRA Case #2014040808701](#))

Elizabeth Irene Symons ([CRD #2569248](#), Chandler, Arizona) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Symons consented to the sanctions and to the entry of findings that she failed to provide prior written notice to her member firm before engaging in an outside business activity involving the remodeling of a firm customer's home. The findings stated that approximately half of the money the customer used to fund the remodeling job came from his securities account, for which Symons was the broker of record. During the remodel, Symons took steps to form a remodeling business, complete with a name, business cards and an email address. On two annual disclosures to the firm during and immediately after the outside business activity, Symons failed to provide the firm with written notice of these activities. Symons did disclose other outside business activities in which she was involved.

The suspension was in effect from January 5, 2015, through February 3, 2015. ([FINRA Case #2013037724801](#))

Jose Miguel Valdes ([CRD #6166229](#), Key Biscayne, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Valdes consented to the sanction and to the entry of findings that he falsely represented to his member firm that he had passed the Series 7 examination and provided a falsified score report to the firm reflecting that he had passed the examination, when in fact, he had failed the examination. ([FINRA Case #2013038220902](#))

James Valente ([CRD #2675391](#), West Allenhurst, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Valente consented to the sanctions and to the entry of findings that he signed his customers' names on documents that concerned the delivery of life insurance contracts to the customers. The findings stated that Valente signed his customers' names so that his member firm would not reverse the sales commissions it had paid him. The customers at issue received their life insurance contracts, and continue to own them.

The suspension was in effect from December 15, 2014, through February 14, 2015. ([FINRA Case #2013036003101](#))

Darrell Robert Vanpamel ([CRD #5117737](#), Cape Coral, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Vanpamel consented to the sanctions and to the entry of findings that he failed to provide written notice to his member firm prior to engaging in outside business activities and accepting compensation for such activities.

The suspension was in effect from January 5, 2015, through February 4, 2015. ([FINRA Case #2013037723101](#))

Steven Craig Walstad ([CRD #1577424](#), Chanhassen, Minnesota) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Walstad consented to the sanctions and to the entry of findings that he recommended and executed purchases of unsuitable Class A share mutual funds in six customer accounts. The findings stated that the customers were charged front-end sales loads in connection with these Class A share purchases, although Walstad mistakenly believed that these front-end sales loads had been waived. The findings also stated that Walstad used discretion to execute transactions in one customer's account without the customer's prior written authorization, and the member firm did not approve the account as a discretionary account. Walstad used discretion because, based on his discussion with the customer, he believed that the customer wanted him to handle the account directly.

The suspension is in effect from December 1, 2014, through May 31, 2015. ([FINRA Case #2012035217001](#))

Derek Lane Weaver (CRD #3037710, Vestavia, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Weaver consented to the sanction and to the entry of findings that he refused to provide FINRA-requested documents and information related to an investigation into allegations that he participated in a Ponzi scheme. ([FINRA Case #2014042914201](#))

James Leslie Wilkerson (CRD #1109116, Phoenix, Arizona) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Wilkerson's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Wilkerson consented to the sanction and to the entry of findings that he willfully failed to timely disclose an unsatisfied IRS tax lien on his Form U4. The findings stated that Wilkerson completed his member firm's annual Form U4 update requests, in which he falsely answered that he did not have any unsatisfied judgments or liens.

The suspension is in effect from December 15, 2014, through March 14, 2015. ([FINRA Case #2011030344701](#))

Brian George Wolf (CRD #2038773, Andover, Minnesota) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Wolf consented to the sanctions and to the entry of findings that he sold equity-indexed annuities (EIAs) through an outside insurance agency without submitting the applications for the vast majority of EIAs he sold to his member firm for review and approval, as required. The findings stated that Wolf signed an attestation that he had sent the firm copies of all EIAs for principal review and contended that he had a verbal agreement with the firm for exemption from the firm's principal-review requirement. The firm denied making any such agreement.

The suspension is in effect from December 15, 2014, through June 14, 2015. ([FINRA Case #2013035417001](#))

James D. Zifer Jr. (CRD #2884061, New Albany, Ohio) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Zifer consented to the sanctions and to the entry of findings that he willfully failed to disclose multiple federal and state tax liens on his Form U4.

The suspension is in effect from January 5, 2015, through March 4, 2015. ([FINRA Case #2013039366201](#))

Individuals Fined

Barbara Ann Comer ([CRD #1014222](#), Manchester Center, Vermont) submitted an AWC in which she was censured and fined \$7,500. Without admitting or denying the findings, Comer consented to the sanctions and to the entry of findings that she accepted instructions from a third party (a customer's then-husband) to effect mutual fund redemptions from the customer's accounts without the customer's prior written authorization, and contrary to her member firm's WSPs. The findings stated that there was no power of attorney or other letter of authorization on file permitting Comer to accept the husband's requests to execute these redemptions from the accounts. ([FINRA Case #2012034656401](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of December 31, 2014. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Jaoshiang Luo ([CRD #2143876](#), Flushing, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Luo committed securities fraud by knowingly or, at a minimum, recklessly selling promissory notes issued by the parent company of his member firm on the basis of false statements of material fact and misleading omissions of material fact, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings stated that, in the alternative, Luo made negligent misrepresentations when he sold the notes. The findings also stated that Luo sold the notes without a reasonable basis for believing that the notes were suitable for any investor. The lack of written disclosures and the absence of any financial statements of the issuer made it impossible for Luo to conduct the due diligence required to determine that the notes were a suitable investment for any investor. Even if the notes had been suitable for some investors, Luo sold the notes to two customers without reasonable grounds to believe that his recommendation was suitable for those particular customers.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2011026346206](#))

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 these allegations in the complaint.

Miles Arthur Bahl ([CRD #10092](#), Salt Point, New York), Conrad Richard Huss ([CRD #2047874](#), Airmont, New York) and Christopher John Moran ([CRD #1095395](#), Jackson Heights, New York) were named respondents in a FINRA complaint alleging that Bahl and Huss made fraudulent misrepresentations in connection with the solicitation and sale of over \$3 million worth of promissory notes issued by a real estate development company in a private offering to 17 of Bahl's customers. The complaint alleges that Bahl and Huss committed fraud by recklessly misrepresenting to customers that the notes were fully secured by the company's pledge of proceeds from the sale of certain historic rehabilitation tax credits (HRTCs). Bahl and Huss provided investors with documents in which the company falsely stated that the notes were secured by proceeds from the HRTCs. Bahl and Huss used these materials to market the notes to prospective investors, recklessly disregarding information indicating that company's statements were false. In reality, there was no collateral for the notes. Bahl and Huss willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The complaint also alleges that Bahl and Huss recklessly or (in the alternative) negligently made false and misleading material representations about the notes and provided false and misleading material to investors about the notes. The complaint further alleges that Bahl failed to understand the risks and benefits of the securities that he was recommending to his customers and did not satisfy his reasonable basis suitability obligations with respect to the notes. Bahl lacked a reasonable basis to recommend the notes to his customers in light of his lack of understanding of and investigation into the HRTCs and whether they were available to secure the notes, and the multiple red flags surrounding the offering which Bahl did not take the time to understand or investigate. In addition, the complaint alleges that Moran, on his member firm's behalf, failed to establish, maintain, or enforce a reasonable supervisory system or written procedures in connection with the firm's private placement business. The firm did not have any written procedures addressing the offering and sale of private placements. Moran failed to supervise Bahl and Huss in connection with the offer and sale of the notes. Moran also improperly caused commissions from the sale of the notes to be paid to a non-member, who was a consultant to the company. ([FINRA Case #2011027338901](#))

Thomas Edmund Connors ([CRD #1081185](#), Seaside Park, New Jersey) was named a respondent in a FINRA complaint alleging that he engaged in outside business activities for compensation without providing prior written notice to his member firm or obtaining the firm's approval to engage in such activities. The complaint alleges that Connors never

disclosed to the firm that he was charging customers an additional fee to open advisory accounts, never informed the firm or the firm's parent company about his tax work for clients, and never informed the firm about his insurance sales for unapproved insurance carriers. ([FINRA Case #2012033362101](#))

Michael John Dell'Olio ([CRD #2403455](#), Cedar Park, Texas) was named a respondent in a FINRA complaint alleging that he failed to appear for FINRA-requested on-the-record testimony, in connection with an investigation concerning possible violations of the federal securities laws and/or FINRA rules, including whether he had borrowed from a client, made false statements, forged documents, or committed any dishonest or unethical practices. The complaint alleges that Dell'Olio's failure to appear and testify impeded FINRA's investigation and prevented FINRA from completing its regulatory responsibilities to fully investigate potential rule violations. ([FINRA Case #2012034939302](#))

Timothy Stephen Dembski ([CRD #2575882](#), Lancaster, New York) and **Walter Francis Grenda Jr.** ([CRD #722911](#), Buffalo, New York) were named respondents in a FINRA complaint alleging that they fraudulently induced retail customers to invest in a hedge fund. The complaint alleges that through material misrepresentations and omissions, Dembski and Grenda led investors to believe that the fund was a "growth" fund that would be based on a computer algorithm that included risk protections and stop-losses to limit losses in the fund. In actuality, the fund was a speculative investment. The fund was not obligated to follow the computer algorithm and in the last full month that the fund traded, it lost over 80 percent of its value. In connection with the marketing of the fund, Dembski and Grenda gave prospective investors the fund's confidential PPM that they knew contained material misrepresentations about the fund's chief investment officer's professional experience. As a result, Dembski and Grenda willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

The complaint also alleges that in the alternative, Dembski and Grenda, in connection with the offer or sale of securities made material misrepresentations and omitted to disclose material information, all to obtain money or property, and/or engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon the purchaser, in contravention of Section 17(a) of the Securities Act of 1933. The complaint further alleges that Grenda borrowed money from customers of his member firm without prior approval from the firm, and contrary to its procedures. In addition, the complaint alleges that Grenda made false statements to FINRA during his on-the-record testimony regarding whether he had ever borrowed money from a customer. ([FINRA Case #2013036168701](#))

Gregory Flemming Jr. ([CRD #2882842](#), Rocky Point, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose tax warrants, a tax lien and a judgment on his Form U4 while registered with two member firms. The complaint alleges that Flemming also failed to timely disclose an additional judgment on his Form U4. Flemming falsely attested to the accuracy of his Form U4 to one of his firms on its annual compliance meeting documents. ([FINRA Case #2013037423701](#))

Richard John Fusari ([CRD #1018500](#), Palm Harbor, Florida) was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to disclose an unsatisfied default final judgment and an unsatisfied federal tax lien entered against him. The complaint alleges that Fusari completed his member firm's annual compliance questionnaire and certification, in which he falsely represented that there were no unreported judgments or liens against him. ([FINRA Case #2013035517601](#))

Bruce Robert Geiger ([CRD #1591606](#), Visalia, California) was named a respondent in a FINRA complaint alleging that he falsified documents relating to the accounts of customers at his member firm. The complaint alleges that Geiger regularly added dates to customers' signatures after customers had signed forms, re-used customers' signatures taken from forms that they had previously executed, and altered the dates of the customers' signatures. In each instance, Geiger submitted the altered forms to his firm for processing. Geiger's repeated use of falsified documents to facilitate transactions, including but not limited to annuity or life insurance settlement option surrenders, withdrawals and transfers, and life insurance distributions, violated NASD Rule 2110 and FINRA Rule 2010. Geiger's conduct was also inconsistent with his firm's policies and procedures. ([FINRA Case #2011026440401](#))

Scott Neal Glazer ([CRD #1236789](#), Calabasas, California) was named a respondent in a FINRA complaint alleging that he employed manipulative and deceptive devices and contrivances in connection with purchases and sales of shares of a Nasdaq National Market Security. The complaint alleges that Glazer, acting alone and in concert with others, marked the open and closing prices of the stock, and engaged in matched trading in the stock, in an attempt to manipulate the price of the stock, all in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and in violation of FINRA Rules. Glazer engaged in these manipulative transactions to avoid margin calls, and to stabilize and increase the price of the stock. The complaint also alleges that Glazer caused the publication and circulation of communications and reports of non-bona fide purchases and sales of the stock. ([FINRA Case #2009017402502](#))

Phillip Leonard Grasso Jr. ([CRD #1164783](#), Walkill, New York) was named a respondent in a FINRA complaint alleging that he inserted himself into the lives of two elderly customers in order to defraud them of their funds. The complaint alleges that Grasso convinced the customers to liquidate various life insurance policies and annuities and to invest approximately \$227,150 of their funds through a brokerage account in their names. Grasso, instead of opening a brokerage account in the customers' names, deposited their funds into his own bank and brokerage accounts and converted the funds for his own personal expenses. The complaint also alleges that in an attempt to conceal his misconduct, Grasso provided the customers with false account documents that stated that they maintained a brokerage account at a FINRA-regulated broker-dealer and that the account contained assets. At the time Grasso presented these documents to the customers, he had not opened a brokerage account in either of the customers' names and had already deposited the

funds he received from the customers into accounts in his name, under his control, and to which the customer did not have access. Grasso made material misrepresentations and omitted material facts in connection of the sale of securities to the customers. Grasso knew, or was reckless in not knowing, that he made these material misrepresentations and omissions of material facts. Based on this conduct, Grasso willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint further alleges that Grasso failed to respond fully to FINRA's requests for information by refusing to complete an on-the-record interview. ([FINRA Case #2014040906601](#))

Jonathan Jay Greenfield ([CRD #2591266](#), West Hills, California) was named a respondent in a FINRA complaint alleging that he recklessly, and at times intentionally, made material misrepresentations and omissions in emails to three customers regarding the features of Renewable Secured Debentures in connection with their purchases of the debentures. The complaint alleges that those material misstatements and omissions concerned material facts for investors, including the actual financial condition of the issuer, the safety of the debentures, and the profitability of the issuer's business. Greenfield also made additional material misrepresentations and omissions to more than 50 customers through email who did not purchase the debentures. Greenfield willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020 and violated Section 17(a)(1) of the Securities Act of 1933. In the alternative, Greenfield negligently made material misrepresentations and omissions to his customers through email regarding the debentures, both to those customers who purchased and to those who did not, in violation of Section 17(a)(2) and/or 17(a)(3) of the Securities Act of 1933. The complaint also alleges that Greenfield distributed sales literature that contained false and misleading statements related to the issuer's assets and the collateral used to secure repayment of the debentures. Greenfield provided customers with sales literature that stated the debentures were secured by life insurance policies owned by the issuer. In fact, the debentures were not secured by insurance policies. Greenfield also failed to disclose the material differences between the debentures and bank certificates of deposit. ([FINRA Case #2012034936501](#))

Shannon S. Hampton ([CRD #5777627](#), Bossier City, Louisiana) was named a respondent in a FINRA complaint alleging that she engaged in check kiting by writing checks totaling \$2,675 against her personal bank account that she knew contained insufficient funds, and depositing each check into a retail bank checking account. The complaint alleges that Hampton deposited the checks to benefit temporarily from the "float" on them and derive the use and benefit of the funds from the time they were credited to her account until other funds were deposited into the accounts. ([FINRA Case #2013035483902](#))

Joseph Scott Hooper ([CRD #2066207](#), Bowling Green, Kentucky) was named a respondent in a FINRA complaint alleging that he did not provide written notice to his member firm regarding his participation in private securities transactions. The complaint alleges that Hooper was serving as a director for a company and in that capacity, participated in the sale of the company's stock and was compensated for his participation. Hooper did not

notify his firm in writing that he was participating in the sale of the company's securities and failed to disclose that he had any role in such transactions when describing his outside employment with the company to the firm. Hooper's participation in the sale of stock was outside the scope of his association with his firm, which did not sell or authorize the sale of the stock. The firm did not approve Hooper's participation in the company's stock transactions. ([FINRA Case #2012034723801](#))

J.W. Korth & Company, Limited Partnership ([CRD #26455](#), Lansing, Michigan) was named a respondent in a FINRA complaint alleging that it put its own interests ahead of the interests of its customers, charging those customers excessive markups and markdowns on municipal and corporate bond transactions in order to generate additional revenue for the firm, at the expense of its customers. The complaint alleges that because of the excessive markups the firm charged with respect to the municipal bond trades, the firm's customers received yields that were lower than they would have obtained had the markups been fair and reasonable. The firm's excessive markups on the municipal bond trades were not disclosed to its customers on trade confirmations. Nothing in the nature of the firm's business or the municipal bond trades justified the amount of the markups for the municipal bond trades. As a result, the firm willfully violated Municipal Securities Rulemaking Board (MSRB) Rules G-17 and G-30. The complaint also alleges that the firm entered into corporate bond and collateralized mortgage obligation (CMO) transactions in which it charged excessive markups or markdowns that caused customers to purchase or sell the corporate bonds and CMOs to or from the firm at prices that were unfair and unreasonable. Some of the corporate/CMO trades violated the firm's own internal markup policy. Because of the excessive markdowns charged by the firm on certain of the corporate/CMO trades, the firm's customers received sale proceeds that were lower than they would have obtained had the prices the firm paid for those trades been fair and reasonable. ([FINRA Case #2012030738501](#))

MSC-BD, LLC ([CRD #142927](#), Lake Oswego, Oregon) and **Paul Joseph McIntyre** ([CRD #1002368](#), Lake Oswego, Oregon) were named respondents in a FINRA complaint alleging that they misrepresented and omitted material facts in the offering documentation for a private offering, which was sold to investors through the firm and four other broker-dealers. The complaint alleges that during that time, McIntyre was the CEO and CCO of the firm. The firm and McIntyre created the offering to recoup losses by investors from a prior failed real estate offering. This information was not conveyed to new investors in the private offering. The firm and McIntyre also effected transactions in, or induced the purchase or sale of, securities by means of PPMs that were materially misleading. The firm and McIntyre sold the offering through PPMs that they knew contained material misrepresentations and omissions. As a result, the firm and McIntyre willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. In the alternative, in connection with sales of the offering, the firm and McIntyre, by the use of the means or instrumentalities of interstate commerce, or of the mails, made material misrepresentations and omitted to disclose material information,

all to obtain money or property; and/or engaged in transaction(s), practice(s), or course(s) of business which operated as a fraud or deceit upon the purchaser, in contravention of Section 17(a) of the Securities Act of 1933. The complaint also alleges that McIntyre, in his role as manager of the offering, misused investor funds and violated the terms of the offering document by providing a full refund to one investor but not to others. ([FINRA Case #2011025679201](#))

Newport Coast Securities, Inc. (CRD #16944, New York, New York) and Kristopher Charles Kessler (CRD #4543640, San Clemente, California) were named respondents in a FINRA complaint alleging that they failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations and rules and failed to enforce the firm's WSPs with respect to the firm's former registered representative and his business activities. The complaint alleges that the former representative facilitated a private securities transaction by causing an elderly customer's securities to be transferred from the customer's account at the firm to an account he controlled at the firm without the customer's approval. Kessler, the firm's chief operations officer (COO) as well as compliance officer and manager, on the firm's behalf, approved the opening of the account into which these securities were deposited, and also reviewed and approved the actual transfer of the customer's securities into the former representative-controlled account at the firm, despite the fact that the WSPs prohibited its representatives from participating in private securities transactions, the transaction did not comply with NASD Rule 3040(c), and other WSPs were not adhered to such as the prohibition against transferring customer securities into an employee-controlled account. The firm failed to record the transaction in its books and records and it, along with Kessler, did not supervise the former representative's participation in the transaction, which was done without the elderly customer's approval or authorization. No one from the firm (other than the former representative) contacted the customer regarding this transaction. Accordingly, the firm and Kessler failed to act reasonably to supervise the former representative. The complaint also alleges that the firm and Kessler's failure to adequately supervise the private securities transaction and to enforce the firm's own WSPs and their failure to make reasonable inquiries or otherwise follow up on numerous red flags enabled the former representative to make improper use of the customer's securities and proceeds to facilitate the private securities transaction and enrich himself at the customer's expense. ([FINRA Case #2010025708501](#))

R.M. Duncan Securities, Inc. (CRD #14344, Little Rock, Arkansas), Randall Max Duncan (CRD #873519, Searcy, Arkansas), Stephen Blake Murchison (CRD #1686750, Little Rock, Arkansas), Calton & Associates, Inc. (CRD #20999, Tampa, Florida) and Kenneth Richard Harter (CRD #1448027, Roland, Arkansas) were named respondents in a FINRA complaint alleging that they charged customers prices that were not fair or reasonable in municipal bond transactions. The complaint alleges that R.M. Duncan Securities, acting through Duncan and Murchison, sold bonds to its customers at prices that were approximately 60 percent higher than the prevailing market price. R.M. Duncan Securities, Duncan and

Murchison solicited, via telephone, three elderly customers to purchase a total of \$215,000 par value of the bonds. R.M. Duncan Securities, Duncan and Murchison told customers that they would receive an 11 percent tax-free yield on the bond interest payments, despite the fact that the bonds were in default and were not paying full interest. R.M. Duncan Securities, Duncan and Murchison also sold \$20,000 par value of the bonds at 80 to Calton & Associates, through Harter. Harter did not review the prevailing market price for the bonds before he bought them from R.M. Duncan Securities. As a result of R.M. Duncan Securities, Duncan and Murchison's solicitation of customers and sale to Calton & Associates and Harter, R.M. Duncan Securities, Duncan and Murchison needed to acquire more bonds than they had purchased. To fill this shortfall, R.M. Duncan Securities purchased approximately \$55,000 par value of the bonds from Duncan's investment advisory company. R.M. Duncan Securities, Duncan and Murchison marked up and sold the bonds that it had purchased to customers at prices above from the prevailing market price. As a result, the customers paid prices that were unfair and are owed \$64,039.94 in restitution plus interest. Calton & Associates and Harter solicited, via telephone, a customer to purchase the bonds. When the customer agreed, Calton & Associates and Harter added a three percent markup and sold the bonds that it purchased from R.M. Duncan Securities to the customer at a higher price, which was 60 percent away from the prevailing market price. Calton & Associates and Harter also required the customer to pay an additional \$427.78 for the interest that had purportedly accrued on the bonds even though the issuer had not made an earlier interest payment to bondholders. As a result, the customer paid a price that was unfair and is owed \$6,031.94 in restitution plus interest. R.M. Duncan Securities, Duncan and Murchison worked in concert with Calton & Associates and Harter to purchase a block of the bonds to make it appear that the inter-dealer price was higher than it actually was. R.M. Duncan Securities, Duncan, Murchison, Calton & Associates and Harter willfully violated MSRB Rules G-17 and G-30 and violated Section 17(a) of the Securities Act of 1933.

The complaint also alleges that R.M. Duncan Securities failed to establish and maintain a system, including the establishment and maintenance of written procedures as was required, to supervise the municipal securities activities of its registered and associated persons that was reasonably designed to achieve compliance with applicable securities laws and regulations, and with MSRB rules concerning municipal bond fair pricing, in willful violation of MSRB Rule G-27. ([FINRA Case #2010024109201](#))

Ryan Lincoln Rayford (CRD #6103871, Missouri City, Texas) was named a respondent in a FINRA complaint alleging that he failed to provide FINRA-requested documents and information involving an investigation into allegations that he engaged in a check-kiting scheme. ([FINRA Case #2013037336401](#))

Lee W. Waller (CRD #6124796, Cheshunt, Great Britain) was named a respondent in a FINRA complaint alleging that he falsely represented to his member firm's foreign affiliate that the prices of a certain security were independent market prices when in fact he colluded

with two brokers to supply the affiliate with his own prices to justify his internal marks. The complaint alleges that Waller arranged to have one of these brokers falsely represent to the affiliate that the prices he provided were independent. The complaint also alleges that Waller falsely represented that an erroneous trade was genuine and misled the affiliate by engaging in a wash trade to make it appear that the trade was genuine. ([FINRA Case #2013038196601](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles), Peter Julijs Auzers ([CRD #832670](#), Lafayette, California), Samantha Arrieta McAfee ([CRD #5058580](#), Pasadena, California) and Shiva Naby ([CRD #5634974](#), Los Angeles, California) were named respondents in a FINRA complaint alleging that they created and produced to FINRA falsified and misleading documents, in connection with its review of the firm's reporting of municipal securities transactions between October 1, 2011, and December 31, 2011. The complaint alleges that the firm, Auzers and Naby fabricated municipal securities transaction report cards (MSRB Report Cards) by whitening-out date information and adding supervisory signatures that gave the false impression that the firm conducted and evidenced supervisory reviews of MSRB Report Cards during the review period, when in fact the firm had not conducted such supervisory reviews. As a result, the firm, Auzers and Naby willfully violated MSRB Rule G-17, and violated FINRA Rules. McAfee produced the falsified reports to FINRA as evidence of the firm's supervision of the firm's reporting of municipal securities transactions during the review period. The complaint also alleges that the firm reported municipal securities transactions to the MSRB in an untimely manner, failed to conduct supervisory reviews of MSRB Report Cards, and failed to designate a registered principal with responsibility to conduct supervisory reviews of the firm's reporting of municipal securities transactions. As a result, the firm willfully violated MSRB Rules G-14 and G-27. ([FINRA Case #2012032080301](#))

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

Capwest Securities, Inc. (CRD #30002)
Greeley, Colorado
(December 25, 2014)
FINRA Case #2007010158001

Firms Cancelled for Failure to Pay Outstanding Arbitration Fees Pursuant to FINRA Rule 9553

Mt Rushmore Securities LLC (CRD #130955)
Fairfield, Iowa
(December 22, 2014)
FINRA Arbitration Case #12-02884

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.)

Mosaic Capital Securities, LLC (CRD #106637)
Sherman Oaks, California
(December 4, 2014)

Mosaic Capital Securities, LLC (CRD #106637)
Sherman Oaks, California
(December 4, 2014)

Mosaic Capital Securities, LLC (CRD #106637)
Sherman Oaks, California
(December 8, 2014)

Firms Suspended for Failure to Pay Annual Assessment Fees Pursuant to FINRA Rule 9553

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

CA Funds Group, Inc. (CRD #151193)
Glen Ellyn, Illinois
(November 28, 2014 – December 22, 2014)

The Transportation Group (Securities) Limited (CRD #24329)
New York, New York
(November 12, 2014 – December 19, 2014)

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.)

Resource Horizons Group LLC (CRD #104368)
Marietta, Georgia
(December 16, 2014)
FINRA Arbitration Case #13-01901

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.)

Edwin Alvarez (CRD #5571844)
Cranston, Rhode Island
(December 2, 2014)
FINRA Case #2014039736601

Donald L. Baker II (CRD #3153629)
Charlotte, Vermont
(December 22, 2014)
FINRA Case #2013036310901

Deborah Bush (CRD #5986365)
Inglewood, California
(December 19, 2014)
FINRA Case #2014041932801

Donald Gammon Hall Jr. (CRD #5426644)
Raleigh, North Carolina
(December 22, 2014)
FINRA Case #2014042124201

David Jay Homan (CRD #1516973)
Saginaw, Michigan
(December 2, 2014)
FINRA Case #2014041191501

Kimberley Ann Jim (CRD #4722843)
Oregon City, Oregon
(December 26, 2014)
FINRA Case #2013039397602

Patricia Maria Lanigan (CRD #2237413)
Clifton, New Jersey
(December 22, 2014)
FINRA Case #2013039390301

Edward Beale McLean IV (CRD #2265670)
St. Louis, Missouri
(December 8, 2014)
FINRA Case #2013038085901

Scott Newsholme (CRD #3062837)
Freehold, New Jersey
(December 30, 2014)
FINRA Case #2014042041701

Ashley Platt (CRD #6303312)
Liverpool, New York
(December 2, 2014)
FINRA Case #2014041201601

Uday M. Raval (CRD #4921150)
Hillsborough, New Jersey
(December 29, 2014)
FINRA Case #2014041709401

Jeffrey Alan Schumaker (CRD #2014844)
Lafayette, Indiana
(December 2, 2014)
FINRA Case #2014041473601

Frederick Paul Skoda (CRD #6008036)
Detroit Lakes, Minnesota
(December 2, 2014)
FINRA Case #2013038731301

Shakeel Ahmad Tanveer (CRD #2339705)
Mason, Ohio
(December 22, 2014)
FINRA Case #2014041513901

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

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

William Hugh Carson (CRD #722967)
Westminster, Colorado
(December 25, 2014)
FINRA Case #2009017899801

Thomas Clay Gilleland (CRD #5504595)
Bowling Green, Kentucky
(December 18, 2014)
FINRA Case #2008011771601

James Michael Ham (CRD #1865836)
 Dallas, Texas
 (December 10, 2014)
 FINRA Case #2013039556701

Ambiorix Rafael Jaquez (CRD #3266827)
 Bronx, New York
 (December 10, 2014)
 FINRA Case #2013037424201

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.)

Josh Ray Abernathy (CRD #4162073)
 Norfolk, Virginia
 (December 15, 2014)
 FINRA Case #2014043142101

Randy Lee Bostick (CRD #2944482)
 Jupiter, Florida
 (December 8, 2014)
 FINRA Case #2014039913701

Danny Ford Brownlee (CRD #1615896)
 Olive Branch, Mississippi
 (December 15, 2014)
 FINRA Case #2014041604101

Neil Joseph Buysse (CRD #2877658)
 Centerport, New York
 (December 1, 2014)
 FINRA Case #2014040700201

Marie Elizabeth Cantu (CRD #4077162)
 Helotes, Texas
 (December 29, 2014)
 FINRA Case #2014042101301

Erkan Cenk Cetin (CRD #6102072)
 North Hollywood, California
 (December 8, 2014)
 FINRA Case #2014041689001

James Anthony Champi (CRD #2242499)
 Grahamsville, New York
 (December 22, 2014)
 FINRA Case #2014041912401

Michael John Feilla (CRD #1801562)
 Ann Arbor, Michigan
 (December 8, 2014)
 FINRA Case #2014041601901

Geno Cleveland Gates (CRD #4760220)
 Chagrin Falls, Ohio
 (December 1, 2014)
 FINRA Case #2014039875301

Mark Joy Lane (CRD #1874914)
 Pittsburgh, Pennsylvania
 (December 22, 2014)
 FINRA Case #2014042182801

Lucille Jane Loew (CRD #4630585)
 Nashville, Tennessee
 (December 15, 2014)
 FINRA Case #2014040105101

Salim Lyazidi (CRD #4617448)
 Miami, Florida
 (December 29, 2014)
 FINRA Case #2014040964801

David Franklin Matthews (CRD #6280216)
 Owensboro, Kentucky
 (December 4, 2014)
 FINRA Case #2014041236301

Paul Avery Nicholls Jr. (CRD #1981633)
 Plymouth, Massachusetts
 (December 29, 2014)
 FINRA Case #2014041920901

Shannon K. Palmer (CRD #5104560)
Bellingham, Washington
(December 8, 2014)
FINRA Case #2014041603001

Dana W. Philpot (CRD #4887356)
Albuquerque, New Mexico
(December 1, 2014)
FINRA Case #2013039300801

Darrell Sheldon Raymond (CRD #3241514)
Brooklyn, New York
(December 15, 2014)
FINRA Case # 2014040040601

Michael Sestito (CRD #5031189)
Staten Island, New York
(December 1, 2014)
FINRA Case #2014040931701

Darren M. Smith (CRD #5767358)
Lima, Ohio
(December 4, 2014)
FINRA Case #2014041027701

Ronald Paul Stuppy (CRD #1542123)
Costa Mesa, California
(December 4, 2014)
FINRA Case #2013039437301

B. Chapman Syme (CRD #4279574)
Atlanta, Georgia
(October 27, 2014 – December 19, 2014)
FINRA Case #2013037133101

Jane Linda Taylor (CRD #3053628)
Brooklyn, New York
(December 22, 2014)
FINRA Case #2014042062901

Ezechiel McKowan Travis (CRD #6328708)
Amherst, New York
(December 12, 2014)
FINRA Case #2014041655101

Patricia Ann Tyson (CRD #6057651)
Newport, New York
(December 15, 2014)
FINRA Case #2013038293001

Armando Manuel Velazquez (CRD #6213979)
Escondido, California
(December 12, 2014)
FINRA Case #2014042897401

Saysamone J. Vongkoth (CRD #3025605)
San Francisco, California
(December 29, 2014 – January 8, 2015)
FINRA Case #2014041027801

Jack Cliff Weeks (CRD #5607624)
San Antonio, Texas
(December 8, 2014)
FINRA Case #2014041346601

Patrick James Welch Jr. (CRD #6085763)
Santa Cruz, California
(December 22, 2014 – January 8, 2015)
FINRA Case #2014041706601

Teresa Maria Williams (CRD #6036884)
Houston, Texas
(December 4, 2014)
FINRA Case #2014042877601

Stephen Eugene Winkelman Jr. (CRD #2223820)
Montrose, California
(December 8, 2014)
FINRA Case #2014041352901

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.)

Sean Carl Barrett (CRD #2473448)

San Clemente, California
(December 10, 2014)
FINRA Case #20140418252/ARB140044/
FINRA Arbitration Case #11-02484

Matthew James Beninato (CRD #3145113)

Chandler, Arizona
(December 2, 2014)
FINRA Arbitration Case #13-02138

Gerald F. Coscia (CRD #4004251)

Yardley, Pennsylvania
(December 2, 2014)
FINRA Arbitration Case #13-03499

David Maitland Kingsley (CRD #1744429)

Murrieta, California
(January 9, 2013 – December 19, 2014)
FINRA Arbitration Case #12-00964

Robert Edward Lee Jr. (CRD #1824202)

Oxford, Connecticut
(December 2, 2014)
FINRA Arbitration Case #13-02579

Jaime Morales (CRD #1872848)

Castle Hills, Texas
(November 14, 2014 – December 8, 2014)
FINRA Arbitration Case #13-01372

Paul Anthony Posillico (CRD #4194630)

Lake Grove, New York
(December 16, 2014)
FINRA Arbitration Case #12-03966

Joseph John Santiago (CRD #3134657)

West Palm Beach, Florida
(December 2, 2014)
FINRA Arbitration Case #13-01079

James H. Sumpster (CRD #2496483)

Santa Rosa, Florida
(October 14, 2010 – December 11, 2014)
FINRA Arbitration Case #10-01109

FINRA Fines 10 Firms a Total of \$43.5 Million for Allowing Equity Research Analysts to Solicit Investment Banking Business and for Offering Favorable Research Coverage in Connection With Toys”R”Us IPO

The Financial Industry Regulatory Authority (FINRA) fined 10 firms a total of \$43.5 million for allowing their equity research analysts to solicit investment banking business and for offering favorable research coverage in connection with the 2010 planned initial public offering of Toys”R”Us.

FINRA fined the following firms.

<u>Barclays Capital Inc.</u>	\$5 million
<u>Citigroup Global Markets Inc.</u>	\$ 5million
<u>Credit Suisse Securities (USA), LLC</u>	\$5 million
<u>Goldman, Sachs & Co.</u>	\$5 million
<u>JP Morgan Securities LLC</u>	\$5 million
<u>Deutsche Bank Securities Inc.</u>	\$4 million
<u>Merrill Lynch, Pierce, Fenner & Smith Inc.</u>	\$4 million
<u>Morgan Stanley & Co., LLC</u>	\$4 million
<u>Wells Fargo Securities, LLC</u>	\$4 million
<u>Needham & Company LLC</u>	\$2.5 million

Susan Axelrod, FINRA Executive Vice President, Regulatory Operations, said, “FINRA’s research analyst conflict of interest rules make clear that firms may not use research analysts or the promise of offering favorable research to win investment banking business. Each of these firms used their analyst to solicit investment banking business from Toys”R”Us and offered favorable research. This settlement affirms our commitment to policing the boundaries between research and investment banking to ensure that research is not improperly influenced.”

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “The firms’ rush to assure the issuer and its sponsors that research was in synch with the pitch being made by their investment bankers caused them to overstep the prohibitions against analyst solicitation and the promise of favorable research. Today’s actions reaffirm the importance of these prohibitions to maintaining the integrity of the research function against whatever pressures may exist to monetize the reputation and work product of the analysts.”

In April 2010, Toys”R”Us and its private equity owners (sponsors) invited these 10 firms to compete for a role in Toys”R”Us’ planned IPO. FINRA found that each of the 10 firms used its equity research analyst as part of its solicitation for a role in the IPO. Specifically, Toys”R”Us asked equity research analysts from each of the 10 firms to make separate presentations to Toys”R”Us’ management and sponsors for the purpose of ensuring that the analysts’ views on key issues, including valuation factors, were aligned with the views expressed by the firms’ investment bankers. Each firm understood that the performance of their analysts at the presentations would be a key factor in determining whether the firm received an underwriting role in the IPO. These presentations took place during the solicitation period on May 5, 2010. As detailed in the settlement documents, each of the firms implicitly or explicitly at these meetings or in follow-up communications offered favorable research coverage in return for a role in the IPO. For example, certain analysts voiced a positive outlook on the company and its potential IPO during their May 5 presentations. All of the firms except for Needham provided the valuation to Toys”R”Us and its sponsors, which sought the combined view of research and investment banking on key valuation factors. Throughout the course of the solicitation period, Toys”R”Us made clear to the firms that the purpose of these requests was to vet the analyst’s views to determine their consistency with the valuation provided by its investment bankers.

In addition, FINRA found that six of the 10 firms—Barclays, Citigroup, Credit Suisse, Goldman Sachs, JP Morgan and Needham—had inadequate supervisory procedures related to research analyst participation in investment banking pitches.

Toys”R”Us and its sponsors offered each of the 10 firms various roles in the IPO but it eventually decided not to proceed with the offering.

In settling this matter, the 10 firms neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.

FINRA’s investigation was conducted by Mark Bernstein, Gary Carleton, Catherine Cottam, Erin Griffith, Jack Hanlon, Margery Shanoff, Michael Smith, and William Thompson under the supervision of Eric Brooks, Director, and James Day, Vice President and Chief Counsel in the Department of Enforcement. FINRA appreciates the assistance of the Securities and Exchange Commission in referring the matters.

FINRA Fines Merrill Lynch \$1.9 Million and Orders Restitution of \$540,000 for Fair Pricing and Supervisory Violations Related to Purchases of Distressed Securities

The Financial Industry Regulatory Authority (FINRA) fined Merrill Lynch, Pierce, Fenner & Smith Incorporated \$1.9 million for fair pricing and supervisory violations in connection with more than 700 retail customer transactions in distressed securities over a two-year time period. Merrill Lynch was also ordered to pay more than \$540,000 in restitution, plus interest, to affected customers.

FINRA found that Merrill Lynch's Global Banking & Markets Credit Trading Desk purchased Motors Liquidation Company Senior Notes (MLC Notes) from retail customers at prices 5.3 percent to 61.5 percent below the prevailing market price. The Credit Desk, after accumulating smaller lots of MLC Notes through retail customer transactions, sold the MLC Notes to other broker-dealers within the prevailing market price. Of the 716 retail customer transactions, 510 had markdowns in excess of 10 percent. As a result, in 716 instances, Merrill Lynch purchased MLC Notes at prices that were not fair to its retail customers. The notes were originally issued by General Motors Corporation prior to its bankruptcy.

FINRA also found that Merrill Lynch did not have an adequate supervisory system in place to detect whether the firm's Credit Desk executed a retail customer transaction at a price consistent with the prevailing market price of that security. Specifically, the firm did not conduct post-trade best execution or fair pricing reviews of these transactions, or conduct fair pricing or best execution post-trade reviews of other retail customer trades executed on the Credit Desk. As part of the sanctions, Merrill Lynch is also ordered to provide three reports over the next 18 months regarding the effectiveness of the firm's supervisory system with respect to the pricing of retail customer transactions executed by the Credit Desk.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "We expect firms to adhere to their fair pricing obligations to customers when transacting in lower-priced or distressed securities. Even after factoring in the nature of the market for these types of instruments, the markdowns charged were simply unacceptable, as was Merrill Lynch's failure to conduct post-trade fair pricing or best execution reviews for customer transactions executed on the Credit Desk."

In concluding [this settlement](#), Merrill Lynch neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Wells Fargo Advisors and Wells Fargo Advisors Financial Network \$1.5 Million for Anti-Money Laundering Failures

Firms Failed to Subject Over 200,000 New Accounts to Identity Verification

The Financial Industry Regulatory Authority (FINRA) ordered two St. Louis-based broker-dealers under common control, Wells Fargo Advisors (WFA) and Wells Fargo Advisors Financial Network (WFAFN), to pay a joint fine of \$1.5 million for anti-money laundering (AML) failures. For nine years, the firms failed to comply with a key aspect of the anti-money laundering compliance program for broker-dealers by failing to subject approximately 220,000 new customer accounts to the required identity-verification process.

As part of the AML compliance program requirements, broker-dealers must establish and maintain a written Customer Identification Program (CIP) that enables them to verify the identity of each customer opening a new account. Through the CIP, the broker-dealer must obtain and verify certain minimum identifying information from each customer prior to opening an account, maintain records of that identity-verification process, and provide customers with notice that information is being collected to verify their identities.

FINRA found that the firms' CIP system was deficient, as the electronic systems supporting it contained a design flaw, which persisted from 2003 to 2012. When the firms' transaction-processing system assigned customer identifiers to new customer accounts, it sometimes recycled identifiers previously assigned to accounts that had been closed. When that recycled identifier was transmitted to the firms' CIP system for verification of customer identities, the system did not recognize it as being assigned to new customer accounts, and therefore did not subject those new customers to identity verification. This resulted in the failure to conduct customer identity verification for nearly 220,000 new accounts. Further, approximately 120,000 accounts that had never been subjected to identity verification were already closed when the problem came to light.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Firms must be vigorous in the testing of their electronic systems to ensure they are operating correctly, including those designed to ensure compliance with critical aspects of the AML rules. While the firms eventually discovered the flaw in their own systems, it took far too long, resulting in hundreds of thousands of accounts to open and often close without the required identification process ever taking place."

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

FINRA's investigation was conducted by the Departments of Enforcement and Member Regulation.

FINRA Bars Broker for Stealing \$89,000 From an Elderly Customer

The Financial Industry Regulatory Authority (FINRA) announced that it has permanently barred Jeffrey C. McClure from the securities industry for converting nearly \$89,000 from an elderly customer's bank account while working for Wells Fargo Advisors, LLC and an affiliated bank in Chico, California. The affiliated bank has made the customer whole for her losses.

FINRA found that from December 2012 to August 2014, McClure wrote himself 36 checks totaling \$88,850 drawn on the customer's affiliated bank account without her knowledge or consent. McClure had access to the checks because the elderly customer had authorized him to pay her rent and other expenses as agreed. Instead, McClure deposited the checks into his personal bank account and used the funds for his personal expenses.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "FINRA has a zero tolerance policy for brokers who steal from their clients, especially those who are the most vulnerable. Rooting out this type of misconduct and removing these kinds of bad actors from the industry is a top priority."

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

FINRA's investigation was conducted by the Office of Fraud Detection and Market Intelligence and the Department of Enforcement.

FINRA Fines Pershing LLC \$3 Million for Customer Protection Rule Violations and Supervisory Failures

The Financial Industry Regulatory Authority (FINRA) announced that it has censured and fined Pershing LLC \$3 million for violating the Customer Protection Rule and for related supervisory failures. The Securities and Exchange Commission (SEC) rule creates requirements to protect customers' funds and securities from broker-dealer misuse and requires that assets be available for distribution in the event of the broker-dealer's insolvency.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Clearing firms have a fundamental responsibility to protect customer assets and must ensure that their supervisory systems are compliant with the Customer Protection Rule. Customers' assets were at risk because Pershing failed to establish systems to vet procedural changes with material impact to the reserve and possession and control positions."

The SEC Customer Protection Rule is intended to protect customers' funds held by their broker-dealers and to prohibit broker-dealers from using customer funds and securities to finance any part of their business unrelated to servicing securities customers. The rule requires the broker-dealer that maintains custody of customer securities and cash to comply with two requirements – to obtain and maintain physical possession or control over customers' fully paid and excess margin securities; and to maintain a reserve of cash or qualified securities in an account at a bank at least equal in value to the net cash the broker-dealer owes to customers.

FINRA found that from November 2010 to August 2011, Pershing failed to maintain adequate reserves to meet its reserve deposit requirements with reserve deficiencies ranging from approximately \$4 million to \$220 million. From July 2010 through September 2011, Pershing also failed to promptly obtain and later maintain physical possession or control of certain customers' fully paid and excess margin securities. During that period, the firm's failures caused 47 new possession or control deficits, and an increase in a significant number of existing possession or control deficits. These failures exposed customer funds and securities to risk.

In addition, Pershing's supervisory systems and procedures were inadequate and the firm failed to implement a system to review and approve procedural changes with material impact to the requirements of the Customer Protection Rule. Those deficiencies resulted in inaccuracies in the firm's FOCUS reports between July 30, 2010 and Aug. 31, 2011.

FINRA's Member Regulation Risk Oversight & Operational Regulation staff identified the Customer Protection Rule violations during an examination of the firm. The investigation was conducted by the Department of Enforcement.

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

FINRA Sanctions Monex Securities Inc. \$1.3 Million for Failing to Register and Supervise Foreign Personnel

Firm's President Fined and Suspended

The Financial Industry Regulatory Authority (FINRA) announced that it has ordered Monex Securities Inc. to pay \$1,100,000 in disgorgement of commissions, plus interest, obtained by unregistered foreign individuals who sold securities on the firm's behalf. FINRA also fined Monex \$175,000 for failing to register the foreign representatives and for related supervisory deficiencies over a period of two and a half years. Additionally, Monex's President and Chief Compliance Officer, Jorge Martin Ramos Landero (Ramos), was suspended from acting in a principal capacity for 45 days and fined \$15,000.

FINRA's rules require any associated individual engaged in the investment banking or securities business to be registered under the appropriate category of registration and the individual must pass the appropriate qualification examination.

FINRA found that Ramos executed an agreement on behalf of Monex with its parent company in Mexico that permitted numerous employees to conduct securities business on Monex's behalf by, among other things, collecting client information needed to open accounts, making investment recommendations to clients and transmitting orders. Monex paid these individuals transaction-related compensation for these efforts. None of these individuals, however, was registered in any capacity with FINRA. Ramos and Monex also failed to establish, maintain and enforce supervisory systems and written procedures to ensure compliance with applicable securities laws and regulations.

Brad Bennett, FINRA Executive Vice President and Head of Enforcement, said, "It is imperative that firms such as Monex are diligent in ensuring that all individuals who are acting as representatives of the firm are properly registered and supervised. When individuals are permitted by a firm to sell securities on its behalf without being registered and supervised, investors are at risk because of the lack of regulatory oversight."

In concluding [this settlement](#), Monex and Ramos neither admitted nor denied the charges, but consented to the entry of FINRA's findings.