Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Windsor Street Capital, LP fka Meyers Associates, L.P. (CRD® #34171, New York, New York) and Bruce Meyers (CRD #1045447, New York, New York)
February 5, 2018 – A National Adjudicatory Council (NAC) decision was appealed to the Securities and Exchange Commission (SEC). The firm was fined a total of $700,000. Meyers was fined a total of $100,000 and barred from association with any FINRA® member in any supervisory or principal capacity. The NAC affirmed the findings and modified the sanctions imposed in the Hearing Panel decision. The sanctions were based on findings that the firm and Meyers, its principal and chief executive officer (CEO), sent, or caused to be sent, misleading and unbalanced advertising materials via email to prospective investors. The findings stated that Meyers' emails were not fair and balanced because he failed to adequately disclose numerous material facts about a company. In many emails, Meyers made exaggerated and unwarranted claims about the company's prospects in relation to a medical drug and about the company's shares trading in the first quarter of 2011. Meyers failed to provide a factual basis for his claims in the emails. In some emails, Meyers failed to prominently disclose the firm's name and in all of them, he failed to disclose the firm's relationship with the company. The findings also stated that the firm inaccurately recorded personal expenses of Meyers and another firm principal as business expenses in the firm's general ledger. This caused the firm to underreport the compensation that it paid to Meyers and the principal on the firm's Financial and Operational Combined Uniform Single (FOCUS) reports and in annual audit reports for the years 2011 and 2012. The findings also included that the firm and Meyers failed to reasonably supervise preparation of the firm's books and records and that the firm did not supervise the review of electronic correspondence. The firm's supervisory systems did not include procedures to account for accurately in the firm's books and records the personal expenses that the firm reimbursed Meyers and the principal under the terms of their employment agreements. Further, Meyers took no steps to ensure that the firm had procedures in place to account for the reimbursement of personal expenses that he and the principal received from the firm. The firm's written supervisory procedures (WSPs) failed to address how supervisors were to review electronic correspondence, and the firm also failed to document such reviews. The firm's WSPs failed to address how supervisors were to select electronic correspondence for review, how they were to review it, how often they needed to review it and how they were to document their reviews. FINRA found that the firm failed to report to FINRA statistical and summary information regarding written customer complaints it received from March 2007 to July 2010, and failed to timely report to FINRA summary and statistical

Reported for April 2018

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

information regarding three customer complaints it received in 2009. In addition, FINRA determined that the firm's WSPs did not adequately address required areas of supervision of producing managers and transmittals of customer funds and securities. In addition, the firm's 2009, 2010 and 2011 annual reports regarding its supervisory control system did not adequately summarize the procedures used to test and verify the efficacy of its system.

The sanctions, with the exception of Meyers' supervisory/principal bar, are not in effect pending their appeal. (**FINRA Case #2010020954501**)

Madison Park Group LLC (CRD #125475, New York, New York) and Mir Arif (CRD #2353671, New York, New York)
February 14, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined $70,000 and required to provide to FINRA a written certification that its systems, policies and procedures, with respect to each of the areas and activities cited in this AWC, are reasonably designed to achieve compliance with applicable securities laws, regulations and rules. Arif was fined $5,000 and suspended from association with any FINRA member in any principal capacity for 30 days. Without admitting or denying the findings, the firm and Arif consented to the sanctions and to the entry of the following findings. First, they permitted unregistered persons, and insufficiently registered persons who had not registered as Investment Banking Representatives, to conduct investment-banking activities. Second, the firm's WSPs provided that Arif was responsible for conducting a supervisory review of representatives' electronic correspondence. However, neither Arif nor any other firm principal conducted such a review. Third, the firm's WSPs provided that Arif was responsible for overseeing branch office activities, including branch inspections. However, the firm and Arif did not conduct a branch inspection of the firm's sole office for the years 2011 through 2014. The firm's 2015 inspection also did not address the office's policies and procedures regarding the supervision of supervisory personnel and the maintenance of books and records. Further, an associated person assigned to the office of supervisory jurisdiction (OSJ) conducted the inspection of that OSJ, and the inspection report did not, as required, document why that arrangement was necessary and why the inspection satisfied the standards for branch inspections. Fourth, for the years 2011 through 2014, the firm and Arif did not prepare the annual report on the firm's supervisory control system or the annual certification of compliance and supervisory processes. As the supervising principal for the firm, Arif was responsible for ensuring that these documents had been prepared. Fifth, in 2013, the firm and Arif did not conduct an independent testing of the firm's anti-money laundering (AML) compliance program. The firm's WSPs gave Arif supervisory responsibility for its AML program. Sixth, the firm and Arif did not search its records in response to the lists posted by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury pursuant to Section 314(a) of the USA Patriot Act on 78 out of 103 occasions. Of the 25 searches conducted, the firm and Arif conducted 12 of them late.

The suspension was in effect from March 5, 2018, through April 3, 2018. (**FINRA Case #2015043370201**)

Firms Fined

Berthel, Fisher & Company Financial Services, Inc. (CRD #13609, Cedar Rapids, Iowa)
February 5, 2018 – An Offer of Settlement was issued in which the firm was censured, fined $225,000, ordered to pay the total amount of $117,315.41, plus interest, in restitution to customers, ordered to disgorge the total amount of $299,471.73 of concessions received to FINRA and required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written and otherwise) and training relating to all products that it offers to customers, including but not limited to unit investment trusts (UITs) and mutual funds. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that a firm registered representative generated approximately $417,000 in concessions for himself and the firm, at the expense of his customers, by recommending and effecting a pattern of unsuitable short-term UIT trading. The findings stated that the firm is liable for the representative's unsuitable investment recommendations under the doctrine of respondeat superior because he was an agent of the firm acting within the scope of his duties when he engaged in this misconduct. The short-term trading patterns were inconsistent with the design of the securities at issue and required the customers to pay substantial sales charges, most of which came back to the firm and the representative in the form of dealer concessions. The firm allowed this activity to occur, and in fact, profited from it, as a direct result of its inadequate system for supervising UIT trading. The firm's only regular supervisory review of UIT recommendations and customer activity consisted of manual reviews of daily trade blotters that neither indicated how long UIT positions had been held before liquidation, nor the source of funds used to purchase new UITs. The firm's supervisory system was not reasonably designed to prevent short-term and potentially excessive trading in UIT trading. The firm's supervisory system was also inadequate because it was not reasonably designed to prevent short-term and potentially excessive trading in mutual funds. As with UITs, the firm's supervisory system lacked any methods, reports, or other tools to identify mutual fund switching or trading patterns indicative of other misconduct. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to ensure compliance with its suitability obligations, and those of its representatives, under the federal securities laws and FINRA and NASD rules in connection with sales of UITs, and to ensure that customers received sales-charge discounts to which they were entitled. The firm also failed to establish and maintain a supervisory system that was reasonably designed to ensure compliance with its suitability obligations, and those of its representatives, in connection with the trading of mutual funds, and to ensure that customers received sales-charge discounts to which they were entitled. The firm relied on its registered representatives and clearing firm to determine whether UIT and mutual fund purchases should receive sales-charge discounts, and did not conduct any review or supervision to determine if those discounts were applied correctly. This not only allowed the registered representative's breakpoint manipulation scheme to go unchecked, it also resulted in further injury to customers. The firm failed

to detect that more than 2,700 of its customers' UIT purchases did not receive applicable sales-charge discounts. As a result, customers paid excessive sales charges of approximately $667,000, which was nearly all paid to the firm and its registered representatives as dealer concessions. In consultation with FINRA, the firm acknowledged that it had missed the discounts identified above and paid restitution to the affected customers. (**FINRA Case #2014039169601**)

LPL Financial LLC (CRD #6413, Boston, Massachusetts)
February 6, 2018 – An AWC was issued 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 it failed to implement a supervisory system reasonably designed to ensure that its registered representatives were trained on all material risks and features of brokered certificates of deposit (CDs) and that it adequately disclosed all material risks and features of the brokered CDs to customers. The findings stated that in particular, the firm failed to take reasonable steps to ensure that its registered representatives or fixed income desk employees received or had meaningful access to issuer-prepared disclosure documents prior to their sales of these products. In response to FINRA Notice to Members 02-69, the firm prepared and delivered to customers who purchased brokered CDs a generic CD disclosure statement that described the general risks and characteristics of brokered CDs. The firm, however, did not consistently provide its customers, prior to or at the time of sale, with issuer-prepared disclosure documents, despite the firm's obligation to do so under its selling agreements with the brokered CD issuers, and did not otherwise have a process to disclose fully all material risks and features of the brokered CDs to customers. Because of the firm's deficient supervisory system, one of the firm's registered representatives made material misrepresentations to elderly customers regarding the limitations on the ability, upon death, of their estates to redeem their 20-year brokered CDs at par value. The elderly customers or their estates suffered losses of approximately $75,000 because they were unable to fully redeem the brokered CDs and had to sell the brokered CDs on the secondary market. The firm subsequently remediated these customers' losses. (**FINRA Case #2015045703001**)

Electronic Transaction Clearing, Inc. (CRD #146122, Los Angeles, California)
February 7, 2018 – An AWC was issued in which the firm was censured; fined a total amount of $40,000, of which $6,000 shall be paid to FINRA; and required to revise its controls and WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders (ISOs) it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The findings stated that the firm improperly relied upon the systems of a non-broker-dealer customer to take Market Data Snapshots and make correct ISO routing decisions. In addition, the Market Data Snapshots that the firm obtained from its customer failed to capture protected quotations for all of the applicable exchanges. As such, the firm failed to capture protected quotations for certain

securities, for the purposes of complying with Rule 600(b)(30). Consequently, the firm failed to simultaneously send ISOs to execute against the full displayed size of certain protected quotations of securities when routing ISOs to other markets, which led to certain trade-throughs of such protected quotations. The findings also stated that the firm failed to have adequate procedures for complying with the regulatory requirements of Rule 611(c) of Regulation NMS, and failed to provide documentation evidencing that it conducted post-trade reviews of the ISOs that were handled by the firm. The firm also did not provide for supervision, including written WSPs, reasonably designed to achieve compliance with respect to Rule 611(c). In addition, the data that the firm utilized in its supervisory reviews did not allow the firm to adequately verify the accuracy of the Market Data Snapshots that were provided by its customer. (**FINRA Case #2014043787003**)

Citigroup Global Markets Inc. (CRD #7059, New York, New York)
February 9, 2018 – An AWC was issued in which the firm was censured, fined $450,000, 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 its proprietary trading accounts were organized into aggregation units for purposes of Rule 200(f) of Regulation SHO compliance. The findings stated that starting in November 2008, the two accounts commenced engaging in proprietary transactions to facilitate certain broker-dealer order flow. However, the firm failed to include the securities positions in those accounts in its aggregate calculations for any independent aggregation unit. The firm started to use the accounts to facilitate certain broker-dealer client order flows by placing them in a confidential, walled off "black box" and creating new "representative" orders in the accounts. The representative orders had new order identification numbers and they were routed to the marketplace with the terms, conditions, and order marking instructions of the original broker-dealer client orders. The firm failed to recognize that with respect to this broker-dealer order flow, the accounts were engaging in proprietary transactions that should have been included in an aggregation unit for the purposes of calculating its net position. The failure to include these proprietary transactions in the net position calculations in any aggregation unit had an unquantified impact on the firm's overall Regulation SHO obligations, potentially including order marking, location, and trade reporting obligations. The findings also stated that the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with the applicable securities laws and regulations, including SEC and FINRA rules, to ensure that all firm accounts conducting proprietary business were appropriately included in aggregation units. (**FINRA Case #2014041142501**)

Essex Securities, LLC (CRD #46605, Topsfield, Massachusetts)
February 13, 2018 – An AWC was issued in which the firm was censured, fined $25,000 and required to review its supervisory systems and WSPs relating to the violations addressed in this AWC for compliance with FINRA rules and the federal securities laws and regulations. A lower fine was imposed after considering, among other things, the firm's revenue and

financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain a complete and accurate purchase and sale blotter. The findings stated that the firm did not include at least 11 mutual fund transactions on its blotter. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to supervise the outside business activities and outside securities accounts of its registered representatives. The firm's WSPs failed to designate a principal to supervise registered representatives' outside business activities or specify how outside business activities were to be disclosed, reviewed and approved, as well as what related records should be maintained. In addition, the firm could not evidence that it had reviewed or approved those outside business activities disclosed to the firm. The firm failed to ensure that all associated persons disclosed their outside securities accounts, or that the firm received duplicate statements for those accounts. In addition, the firm could not evidence that it had reviewed, approved or supervised associated persons' trading in those accounts. As a result, the firm failed to evaluate its registered representatives' outside securities accounts to ensure compliance with securities laws and rules. The findings also included that the firm failed to inspect registered branch offices that should have been inspected and failed to register and inspect non-registered branch offices that should have been registered. (**FINRA Case #2016047573901**)

GWN Securities Inc. (CRD #128929, Palm Beach Gardens, Florida)
February 20, 2018 – An AWC was issued in which the firm was censured, fined $100,000, ordered to pay $72,715.82, plus interest, in restitution to customers and required to submit to FINRA a written certification indicating that it has reviewed and revised its WSPs to ensure that customers receive sales charge discounts on all eligible UIT purchases, to monitor short-term trading in UITs and to implement procedures to identify and to monitor high rates of variable annuity exchanges by individual registered representatives, in order to achieve compliance with FINRA rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers with eligible UIT purchases resulting in customers paying excessive sales charges of $72,715.82. The findings stated that many of the firm's UIT sales with missed discounts involved rollovers. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases and to monitor short-term trading in UITs. While the firm's WSPs addressed UITs, they did not provide guidance on the proper calculation and application of sales charge discounts for UIT purchases and did not include any language specific to rollover discounts. Additionally, across approximately 50 accounts, at least one firm representative recommended short-term trading of UITs to his customers, resulting in an average holding period of 205 days. The findings also included that the firm failed to establish and maintain a supervisory system and failed to establish, maintain and enforce WSPs reasonably designed to identify and determine if any of their representatives had inappropriate

rates of variable annuity exchanges. The firm had numerous representatives with high percentages of variable annuity exchanges to their overall variable annuity transactions. Yet, the firm manually reviewed variable annuity exchanges as part of its suitability review of variable annuity transactions and conducted only a one-month lookback of variable annuity transactions. The firm's WSPs failed to document the one-month lookback process. The firm failed to track any trend analysis or have any surveillance report that would have identified high rates of exchanges by individual representatives and had no system or procedures to maintain historic information about rates of variable annuity exchanges. (**FINRA Case #2016047566601**)

McDonald Partners LLC (CRD #135414, Cleveland, Ohio)
February 21, 2018 – An AWC was issued in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it acted as a placement agent for two separate contingent offerings issued by companies affiliated with the firm. The findings stated that in the first offering, the firm released investors' funds from escrow after having used an interim loan to satisfy a portion of the contingency amount. In the second offering, the firm released investors' funds from escrow prior to meeting the offering's stated minimum contingency. As a result, the firm willfully violated Securities Exchange Act of 1934 (Exchange Act) Rule 10b-9 and FINRA Rule 2010. Additionally, in the second offering, the firm allowed the funds to be disbursed prior to the contingency occurring, in violation of Exchange Act Rule 15c2-4, and circulated a communication to the public that misstated the contingency amount in the offering memorandum. Given that the amount of the minimum contingency was misstated in the issuer's private placement memorandum that was made available to the public, the firm circulated and distributed a communication to its investors that it knew, or should have known, contained an untrue statement of a material fact. The findings also included that the firm failed to report municipal securities transactions. All of the instances involved transactions that occurred between the firm and its customers. (**FINRA Case #2015043649601**)

Salomon Whitney LLC dba SW Financial (CRD #145012, Melville, New York)
February 27, 2018 – An AWC was issued in which the firm was censured, fined $35,000, ordered to pay $49,687.44, plus interest, in restitution to a customer and required to review and revise its systems and procedures (written and otherwise) regarding the supervision of mutual fund transactions and telemarketing activities to ensure that its systems and procedures are reasonably designed to achieve compliance with all securities laws, regulations and FINRA rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs reasonably designed to supervise representatives' mutual fund recommendations. The findings stated that a firm representative made unsuitable mutual fund switch recommendations to a senior investor. The individual designated by the firm as the principal responsible for the supervision of

the representatives' mutual fund recommendations lacked a reasonable understanding of mutual funds to properly discharge his supervisory responsibilities. As a result, while reviewing the representative's recommendations to the customer, the firm, through the designated principal, failed to consider and ensure that the investment objectives of the new mutual funds were consistent with the customer's investment objective, the Class A shares were appropriate for his short-term investment horizon, and that he received the benefit of available breakpoint discounts. The firm failed to ensure that mutual fund switch letters sent by the representative to the customer included critical information, including the amount of the sales charges for the new mutual funds. The firm's written procedures did not reasonably address, or provide proper guidance to its representatives about, what factors to consider when making mutual fund suitability determinations. The findings also stated that the firm failed to institute and enforce procedures to ensure that its representatives did not contact individuals listed on the firm's do-not-call registry and the national do-not-call registry. The firm did not provide any telemarketing training to its registered representatives. The firm has since subscribed to the national do-not-call registry and has implemented an automated system for call blocking to prevent calls from being made to numbers on the firm's and the national do-not-call lists. (**FINRA Case #2015043645102**)

Western International Securities, Inc. (CRD #39262, Pasadena, California)
February 28, 2018 – An AWC was issued in which the firm was censured, fined $125,000 and ordered to pay $521,098.10, 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 establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that registered representatives' recommendations regarding leveraged, inverse and inverse-leveraged exchange-traded funds (non-traditional ETFs) complied with applicable securities laws and regulations, and FINRA rules. The findings stated that the firm failed to reasonably supervise its solicitation of non-traditional ETF transactions in retail accounts. The firm did not have written policies or procedures in place that addressed the unique features and risks associated with non-traditional ETFs, although it provided education regarding these products during annual compliance meetings. In addition, the firm lacked any system that enabled supervisory personnel to adequately monitor the risks peculiar to non-traditional ETFs, most particularly the risk posed by the long-term holding of a product that resets daily. The firm had no exception reports or alerts specific to non-traditional ETFs, let alone any supervisory tool that could detect the divergence of a non-traditional ETF from its linked index, and had no automated method of calculating and monitoring holding periods. The findings also stated that the firm, through its representatives, failed to perform on an adequate basis suitability analysis of non-traditional ETFs to understand the risks and features associated with these products before offering them for sale to retail customers (or particularly, recommending these products as long-term investments to retail customers). In addition, the firm's representatives solicited

and effected non-traditional ETF purchases that were unsuitable for specific customers. Representatives recommended these products, and the long-term holding of these products, to conservative customers with modest financial situations, some of whom were elderly. Moreover, some of these customers held non-traditional ETF positions for extended periods. (**FINRA Case #2015047682404**)

Firms Sanctioned

Supreme Alliance LLC (CRD #45348, Wilmington, North Carolina)
February 16, 2018 – An AWC was issued in which the firm was censured and required to engage an independent consultant to conduct a comprehensive review of the adequacy of its policies, systems and procedures (written and otherwise) and training relating to outside business activity and private security transaction supervision, variable annuity supervision, hiring practices, review of communications, and financial operations and record-keeping. In light of the firm's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its representatives disclosed outside business activities to the firm; however, the firm failed to document that it evaluated the outside business activities or determined whether they were private securities transactions and characterized as such. The findings stated that as a result, the firm failed to record over 1,000 private securities transactions of two registered representatives on its books and records, and failed to supervise those private securities transactions as if the representatives had executed the transactions on the firm's behalf. The findings also stated that the firm failed to require that the commissions it received from its direct application variable annuity business were reconciled with the business that registered representatives submitted. In addition, the firm permitted a representative registered as a principal to submit product applications to insurance companies directly, prior to copying the firm for any independent supervisory approval. As a result, the firm failed to record variable annuity transactions on its purchase and sale blotter. The findings also included that the firm did not consistently document its background investigations of the good character, business reputation, qualification and experience of persons the firm sought to register with FINRA. Further, it did not have written procedures to verify the accuracy of an applicant's initial or transfer Uniform Application for Securities Industry Registration or Transfer (Form U4). The firm's WSPs failed to address who would conduct email reviews, what methods they would use and the maintaining of documentation to evidence the reviews. The firm relied on sampling to satisfy its obligation to review email communications but did not maintain records to document the reviewing of a reasonable sample of email. FINRA found that the firm did not maintain accurate net capital calculations and did not file accurate FOCUS Reports. The firm failed to provide notice of its net capital deficiencies to the SEC and FINRA. (**FINRA Case #2016050050701**)

Lek Securities Corporation (CRD #33135, New York, New York)
February 27, 2018 – An Offer of Settlement was issued in which the firm was censured and required to retain, within 30 days of the date of the Notice of Acceptance of this Offer, an independent consultant, not unacceptable to FINRA, to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written and otherwise) and training relating to the violations identified in the Offer. The firm was also fined a total of $175,000, of which the entire fine is to be paid to exchanges in related disciplinary matters. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that its supervisory procedures, including its WSPs, were inadequate and failed to provide for all minimum requirements for adequate supervision in numerous areas. The findings stated that the firm failed to evidence that it performed supervisory reviews in numerous areas, including in many of the same areas in which its supervisory procedures were deficient. The firm also inaccurately reported transactions to the FINRA/Nasdaq Trade Reporting Facility. The firm reported a canceled trade during normal market hours with a canceled timestamp that was in excess of 10 seconds after the canceled timestamp listed on the order record. The firm also failed to submit reports and data to the Order Audit Trail System (OATS™) and failed to submit accurate information to OATS. In addition, the firm failed to provide to customers identified by FINRA a disclosure statement highlighting the risks specific to extended hours trading prior to executing the order in the extended hours. The findings also stated that the firm's supervisory system did not include supervisory procedures, including WSPs, providing for: the identification of the person(s) responsible for supervision with respect to Rules 611(a)(1) and (2) and 611(c) of Regulation NMS; a statement of the supervisory step(s) to be taken by the identified person(s); a statement as to how often such person(s) should take such step(s); and/or a statement as to how the completion of the step(s) included in the WSPs should be documented. (**FINRA Case #2010021595603**)

Individuals Barred

Francis Joseph Gendlek (CRD #1054226, East Brunswick, New Jersey)
February 1, 2018 – An AWC was issued in which Gendlek was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gendlek consented to the sanction and to the entry of findings that he made material misrepresentations and omissions in connection with the sale of securities. The findings stated that Gendlek formed a company to solicit investors for real estate development projects. In August 2005, Gendlek solicited six investors, five of whom were customers of his member firm, to invest in promissory notes in a total amount of $543,000 to fund the purchase by his friends of a rental property in New Jersey. During March 2006, Gendlek's friends advised him that they wanted to refinance their mortgage with the company and obtain a mortgage from a bank. Gendlek, on behalf of his company, executed a mortgage discharge that stated that the mortgage had been paid in full, or was otherwise satisfied

or discharged. However, Gendlek's friends never fully repaid the company. In April 2006, Gendlek's friends paid the company only $355,000, leaving a shortfall of $188,000 that was never secured by another mortgage. Gendlek did not inform the investors that his friends had failed to pay the full amount of the debt, that Gendlek had released the mortgage on the rental property, or that only certain of the investors could receive their principal payments. Rather, during 2006, Gendlek solicited three of the investors who had invested a total of $355,000 in the rental property, to "roll over" their investments into a new investment, rather than receiving repayment of their principal investment in cash. Gendlek recommended that they instead agree to accept new promissory notes that Gendlek issued through his company to develop property that the company owned in Tennessee. Through the company, Gendlek executed, and arranged for the three investors to execute agreements in which Gendlek falsely stated that the company had a mortgage interest in the Tennessee property. In addition, Gendlek executed, and arranged for two of the three investors, a married couple, to execute agreements that contained several false statements. In addition, during the course of three years, two other investors requested that the company repay a total of $133,000 of their principal investments. Gendlek asked his friends to provide funds for the repayment and they informed him that they were experiencing financial difficulties and consequently did not have funds to repay those investors. As a result, to obtain funds for the repayment, Gendlek solicited the married investors to make additional investments in three new promissory notes. Gendlek did not inform the married couple that his friends were having financial difficulties or that he needed funds from them to repay other investors because his friends had insufficient funds to do so. In addition, Gendlek executed, and arranged for the married couple to execute, agreements that falsely stated that the company's interest in the New Jersey property was secured by a mortgage. In September 2013, after the Tennessee project failed, Gendlek caused his company to file for bankruptcy. Gendlek did not make any further payments to the investors after the bankruptcy. Collectively, those investors lost approximately $620,000. Gendlek did not inform his firm of his participation in these private securities transactions or obtain approval for them at any time. As a result of his conduct, Gendlek willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and violated NASD Rule 2120 and FINRA Rule 2020. The findings also stated that Gendlek failed to disclose an outside business activity to his firm in which he provided elder care planning and related consulting services. Through this activity, Gendlek provided document assistance to elder care attorneys and filed Medicaid applications on behalf of individuals, including the married couple. Gendlek received compensation for these services. (**FINRA Case #2016049989801**)

Richard Daniel Tabizon II (CRD #2601208, Rosemead, California)
February 1, 2018 – An OHO decision became final in which Tabizon was barred from association with any FINRA member in all capacities. The sanction was based on findings that Tabizon directed a registered representative of his member firm to solicit backdated outside business activity and private securities transaction forms and Tabizon submitted the forms to FINRA examiners without disclosing the backdating of the forms. The

findings stated that the representative emailed firm registered representatives from his personal email account and directed the representatives to backdate forms and return the backdated forms to his personal email account or to a general fax number. The findings also stated that Tabizon caused the firm to fail to maintain and preserve business records by using his personal email accounts in connection with obtaining the backdated outside business activity and private securities transaction compliance forms. The use of personal email accounts, in violation of the firm's WSPs, prevented the capturing of the emails by the firm's email archive, which caused the firm's business records to be incomplete. (**FINRA Case #2013037522501**)

Brett Alexander Ashy (CRD #5794420, Jackson, Mississippi)
February 7, 2018 – An AWC was issued in which Ashy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ashy consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into a customer complaint of an unauthorized transaction. (**FINRA Case #2017053798601**)

David Mitchell Elias (CRD #4209235, Parkland, Florida)
February 12, 2018 – An AWC was issued in which Elias was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Elias consented to the sanction and to the entry of findings that he operated his member firm while it was in a net capital deficiency. The findings stated that Elias was sole owner, control person, and chief compliance officer of his firm and was aware the firm repeatedly conducted a securities business while in a net capital deficiency. FINRA cited the firm for net capital deficiencies in an examination report. Notwithstanding the specific notice of the deficiencies as provided by FINRA's examination report, Elias repeatedly conducted a securities business through the firm while in a net capital deficiency. The firm continued filing FOCUS reports showing net capital deficiencies through the termination of its registration. The findings also stated that Elias made impermissible withdrawals totaling $35,000, in willful violation of Section 15(c) of the Exchange Act and Rule 15c3-1(e)(2). The findings also included that Elias failed to supervise a floor clerk who was subject to a plan of heightened supervision because he was subject to statutory disqualification. Elias failed to adequately supervise, or ensure adequate supervision of, the floor clerk. Elias failed to review the floor clerk's email correspondence as required by the heightened supervisory plan and Elias never informed the interim supervisor about his potential role in the clerk's heightened supervision. FINRA found that Elias failed to appear and continue providing testimony for a FINRA on-the-record testimony during the investigation of his violations. (**FINRA Case #2014039444404**)

James Stewart Meagher (CRD #2328325, New York, New York)
February 13, 2018 – An OHO decision became final in which Meagher was barred from association with any FINRA member in all capacities and ordered to pay $13,195, plus interest, in restitution to a customer. The sanctions were based on findings that Meagher

engaged in a manipulative trading activity known as "marking the close" by placing orders to purchase securities for his member firm's proprietary accounts shortly before market close on the final trading day of each month for over a four month period. The findings stated that Meagher's orders were placed at prices that exceeded the inside offer at the time and that his executions resulted in higher closing prices for the securities. When his firm's electronic systems warned him that he was not purchasing at the most favorable price, Meagher manually overrode the warning system and made the higher-priced purchases. The higher closing prices were used by the firm to value the securities in the firm's proprietary account, in which Meagher was responsible for trading, and had a positive impact on his compensation. As a result, Meagher violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rule 2020. The findings also stated that shortly after leaving his firm, Meagher engaged in a deceptive scheme to misappropriate investor funds by soliciting an investor to purchase shares of an initial public offering (IPO). The investor wired $25,080 to Meagher with the understanding that the funds would be used to purchase the stock at the offering price of $38 per share. Meagher combined his own funds with $22,000 of the investor's money to purchase 1,750 shares of the stock. Meagher kept the remaining $3,080 that the investor gave him. Shortly thereafter, Meagher sold all of the shares at prices between $32.53 and $30 per share but did not disclose to the investor that the stock had been sold. Instead, Meagher deposited all of the proceeds from the stock sales into his personal account and used the funds to pay personal expenses. Approximately six months later, the investor told Meagher to sell his stock and return the proceeds. Meagher falsely told the investor that he sold the stock at the then-market price of $21 per share. Meagher told the investor that his sales proceeds were $13,860, when in fact the investor's share of the proceeds was $17,115. Meagher only wired the investor $7,000 and despite the investor's requests, Meagher never paid him the remaining $10,115 of his sales proceeds, or the $3,080 that he never invested. As a result of fraudulently misappropriating money given to him for a stock purchase, Meagher violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rule 2020. The findings also included that Meagher provided false and misleading on-the-record testimony to FINRA during the course of an investigation into this matter by repeatedly asserting that the money he received from the customer was for a personal loan, and that he had fully repaid the individual. (**FINRA Case #2011030509802**)

Jimmy Oswald Moscoso (CRD #2912265, Boca Raton, Florida)
February 14, 2018 – An AWC was issued in which Moscoso was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Moscoso consented to the sanction and to the entry of findings that he converted an elderly customer's funds. The findings stated that the elderly customer agreed to invest $20,000 in a purported real estate investment and gave Moscoso a check for $20,000 made payable to the name of a business owned by him. Moscoso endorsed the check, deposited it into a bank account he controlled and used the funds for his own personal use. After Moscoso's member firm discovered his conduct, it fully reimbursed the customer and Moscoso reimbursed the firm. (**FINRA Case #2018057246701**)

Marcus Duane Parker (CRD #1031962, Galisteo, New Mexico)
February 16, 2018 – An AWC was issued in which Parker was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Parker consented to the sanction and to the entry of findings that he refused to respond to FINRA's requests for documents and information in connection with its investigation of Parker's termination from his member firm. The findings stated that according to the firm's Uniform Termination Notice for Securities Industry Registration (Form U5) filing, it terminated Parker's registration for his failure to appear for an interview and be questioned about misappropriations from client accounts. (**FINRA Case #2017056689601**)

Darrell Walter Rideaux (CRD #5211032, Placentia, California)
February 16, 2018 – An AWC was issued in which Rideaux was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rideaux consented to the sanction and to the entry of findings that he refused to appear to provide FINRA with on-the-record testimony in connection with its investigation of civil claims filed against him alleging that he solicited private placement investments that resulted in financial losses to his investors. (**FINRA Case #2016049407601**)

Jerry Wayne Simpson (CRD #5513406, Madisonville, Kentucky)
February 16, 2018 – An AWC was issued in which Simpson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Simpson consented to the sanction and to the entry of findings that he refused to produce FINRA-requested documents and information in connection with its review of allegations reported on his Form U5 by his former member firm indicating that he did not inform the firm that he had a felony charge alleging wanton abuse/neglect of an adult by a person, and may have misappropriated funds from customers. (**FINRA Case #2017056737501**)

Farid Morim (CRD #5023477, Los Angeles, California)
February 23, 2018 – An OHO decision became final in which Morim was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Morim failed to produce information and documents requested by FINRA during the course of an investigation into his potential conversion of customer assets and undisclosed outside business activities while he was associated with his member firm. (**FINRA Case #2015047528202**)

Jeffrey Howard Palish (CRD #1464054, Woodcliff Lake, New Jersey)
February 23, 2018 – An AWC was issued in which Palish was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Palish consented to the sanction and to the entry of findings that over approximately three years, he converted more than $180,000 for his personal use from an elderly customer by accepting the money with no intent or ability to repay the customer. (**FINRA Case #2017056152801**)

Jeffrey E. Krupnick (CRD #4307569, Sarasota, Florida)
February 26, 2018 – An OHO decision became final in which Krupnick was barred from association with any FINRA member in all capacities. The sanction was based on findings that Krupnick converted approximately $143,000 from the joint account of a member firm customer, his half-brother, for his own personal benefit. The findings stated that Krupnick was the primary owner of the account but the account contained only the customer's funds. Krupnick claimed that the withdrawals and transfers were approved by the customer, and that some were loans the customer made to him. The customer denied authorizing Krupnick to borrow or use the funds. The firm mediated a settlement by which Krupnick repaid the customer $121,000, funds he said the customer loaned him, and the firm contributed $22,000 to make the customer whole. (**FINRA Case #2014043869901**)

Brian Matthew Stovsky (CRD #5958740, Cleveland, Ohio)
February 27, 2018 – An AWC was issued in which Stovsky was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stovsky consented to the sanction and to the entry of findings that he verbally misrepresented to his member firm that he had passed the Series 79 examination, and subsequently submitted a score report to the firm falsely reporting that he had passed the examination. The findings stated that Stovsky found a colleague's test result document on a counter in the office and used it as a template to create a document falsely reporting that he had received a passing score on the examination that he never took. Stovsky had been scheduled to take the Series 79 examination twice but failed to appear both times. (**FINRA Case #2017053807701**)

Norris Richard Roberts Jr. (CRD #4394273, Rogers, Arkansas)
February 28, 2018 – An AWC was issued in which Roberts was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Roberts consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information in connection with an investigation concerning allegations he was structuring withdrawals from his personal bank account for the purpose of avoiding his bank having to file Currency Transaction Reports. (**FINRA Case #2017055357801**)

Pavel Shklyar (CRD #2701566, Norwood, New Jersey)
February 28, 2018 – An AWC was issued in which Shklyar was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Shklyar consented to the sanction and to the entry of findings that he failed to provide information requested by FINRA in connection with an investigation into his participation in potential private securities transactions. (**FINRA Case #2017052725301**)

Individuals Suspended

Ian Blane Meierdiercks (CRD #3205009, Blue Bell Pennsylvania)
February 1, 2018 – An AWC was issued in which Meierdiercks was fined $7,500, suspended from association with any FINRA member in all capacities for 10 business days and required to pay $19,540.09, plus interest, in disgorgement. Without admitting or denying the findings, Meierdiercks consented to the sanctions and to the entry of findings that while registered at his member firm, shares in 33 IPOs were purchased and sold in his personal brokerage account held at another firm. The findings stated that Meierdiercks opened the brokerage account and entrusted the handling of it entirely to a representative at the other firm. The IPOs were purchased and sold in Meierdiercks' account based solely on the representative's recommendations and as a result of the transactions, his account experienced gains of $19,540.09. Meierdiercks had fully disclosed the account to his firm; however, persons associated with a member are prohibited from purchasing new issue in any account in which such a person associated with a member has a beneficial interest.

The suspension was in effect from March 5, 2018, through March 16, 2018. (**FINRA Case #2014043594201**)

Mark Brian Degner (CRD #2364726, Shady Cove, Oregon)
February 6, 2018 – An AWC was issued in which Degner was fined $7,500 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Degner consented to the sanctions and to the entry of findings that he negligently made material misstatements in connection with the sale of 20-year interest rate-linked CDs to elderly customers. The findings stated that Degner misrepresented that their CDs were not subject to any survivor benefit limitations when, in fact, they were. In fact, the survivor benefits of these CDs were subject to a material limitation that restricted the aggregate amount of early redemptions among all purchasers. The issuer's disclosure statement disclosed this limitation. Degner, however, did not review the issuer's disclosure statement prior to selling the CDs. Based on Degner's recommendation, the customers purchased CDs totaling $685,000. As a result of the survivor benefit limitation, the estates of two of the customers were unable to redeem fully their CDs. After Degner learned of the survivor benefit limitation, he informed the remaining customers of the limitation and they sold their CDs in the secondary market. The elderly customers or their estates suffered losses of approximately $75,000. All the customers have been made whole for any losses resulting from the CDs.

The suspension was in effect from March 5, 2018, through April 2, 2018. (**FINRA Case #2015045703002**)

Guy Charles Conger (CRD #2280420, San Antonio, Texas)
February 8, 2018 – An AWC was issued in which Conger was assessed a deferred fine of $15,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Conger consented to the sanctions

and to the entry of findings that he improperly used discretion to place trades in customers' accounts. The findings stated that although the customers had given Conger verbal permission to use discretion, he did not receive written authorization to use discretion in the accounts and his member firm had not accepted the accounts as discretionary. The findings also stated that Conger caused his firm's books and records to be inaccurate by mismarking order tickets as unsolicited when they were solicited, and mismarking order tickets as not discretionary trades when they were discretionary. Conger completed annual compliance attestations falsely stating that he had not used discretion in customer accounts during the prior year, when, in fact, he had. The findings also included that Conger made false, exaggerated, unwarranted, promissory or misleading statements or claims, and an unwarranted prediction of performance, in email communications with customers.

The suspension is in effect from February 20, 2018, through August 19, 2018. (**FINRA Case #2016050220701**)

Thomas Francis Niles (CRD #2264883, Saratoga Springs, New York)
February 8, 2018 – An AWC was issued in which Niles was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Niles consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of UITs in customer accounts. The findings stated that Niles repeatedly recommended that the customers purchase UITs and then sell these products before their maturity dates. The majority of the UITs that Niles recommended had maturity dates of at least 24 months. Nevertheless, Niles repeatedly recommended that his customers sell their UIT positions less than a year after purchase. The average holding period for the UITs purchased in these accounts was 285 days. In addition, on hundreds of occasions, Niles recommended that his customers use the proceeds from the short-term sale of a UIT to purchase another UIT with similar or identical investment objectives. Niles' recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions. Niles' customers received reimbursement of these excess sales charges from his member firm.

The suspension is in effect from March 5, 2018, through June 4, 2018. (**FINRA Case #2015047225601**)

Hector Hugo Gutierrez Jr. (CRD #6595317, Brownsville, Texas)
February 13, 2018 – An Offer of Settlement was issued in which Gutierrez was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the allegations, Gutierrez consented to the sanctions and to the entry of findings that he failed to timely appear and provide FINRA with on-the-record testimony relating to the reasons for his termination from his member firm. The findings stated that his firm reported in a Form U5, in pertinent part, that Gutierrez had been terminated from the firm for accessing and updating the

accounts of his own family members, rather than having another team member handle those transactions, and that he entered his manager's initials on a review form indicating his manager reviewed the form at the firm's bank affiliate.

The suspension is in effect from February 20, 2018, through November 19, 2018. (**FINRA Case #2016049745502**)

Caroline Faye Korn (CRD #4367196, Rochester, New York)
February 16, 2018 – An AWC was issued in which Korn was suspended from association with any FINRA member in all capacities for four months, ordered to pay $7,300, plus interest, in disgorgement of commissions received and required to attend and satisfactorily complete 10 hours of continuing education concerning FINRA's suitability rules. In light of Korn's financial status, no additional monetary sanction has been imposed. Without admitting or denying the findings, Korn consented to the sanctions and to the entry of findings that she recommended and effected unsuitable short-term transactions involving Class A mutual fund shares for six customers. The findings stated that Korn frequently recommended the purchase and subsequent sale of Class A shares within a year of purchase. On average, the customers held the shares at issue for less than four months. As a result of these short-term trades, five of the six customers suffered collective losses of approximately $30,254 while Korn made $7,300 in commissions on the unsuitable transactions. Korn's former member firm reimbursed these customers for their losses. The findings also stated that in October 2012, Korn entered into an AWC in connection with FINRA's findings that she exercised discretionary authority in customers' accounts without written authorization from those customers to place discretionary trades. When Korn returned to her firm in March 2013, after having served her FINRA suspension, the firm placed her on heightened supervision. As part of that heightened supervision plan, Korn was prohibited from exercising discretion in customer accounts. Nevertheless, between March 2013 and March 2014, while registered with the firm, and between April 2014 and April 2015, while registered with another member firm, Korn exercised discretion in customers' accounts without having obtained written authorization from the customers to place discretionary trades and without either firm having accepted the accounts as discretionary.

The suspension is in effect from March 19, 2018, through July 18, 2018. (**FINRA Case #2014040676701**)

Gary Michael Strange (CRD #1655033, Bunn, North Carolina)
February 16, 2018 – An Offer of Settlement was issued in which Strange was assessed a deferred fine of $20,000, suspended from association with any FINRA member in all capacities for two years and ordered to pay deferred restitution, plus interest, to customers in the amount of $130,296. Without admitting or denying the allegations, Strange consented to the sanctions and to the entry of findings that he and his wife borrowed a

total of $153,506.57 through two loans from customers—a husband and wife—without disclosing the loans to his member firm or obtaining the firm's prior written approval to enter into the loans with the customers. The findings stated that Strange accepted both loans, despite the firm's written procedures prohibiting them. In addition, Strange accepted the second loan less than four months after his firm fined him, placed him on heightened supervision and issued him a letter of reprimand for obtaining financial assistance from another customer. The findings also stated that Strange's recommendation that one of the customers liquidate her security holdings in order to make the second loan was unsuitable. Strange did not have a reasonable basis to believe that the transaction was suitable for the customer in light of her investment profile, including her financial situation. Strange's recommendation was also unsuitable in light of the customer's tax status. Strange knew that the customer could not take a distribution from her account without incurring significant taxes and penalties unless the distribution, and the previous loan that the customers had taken from their account, were repaid in full within 60 days. As a result of Strange's recommendation and the failure of him and his wife to repay the second loan to the customers, the customers incurred taxes and penalties of at least $43,790. To date, Strange and his wife have not repaid $141,500 of their debt to the customers.

The suspension is in effect from February 20, 2018, through February 19, 2020. (**FINRA Case #2016050990401**)

Laurie B. Strange (CRD #6193480, Bunn, North Carolina)
February 16, 2018 – An Offer of Settlement was issued in which Strange was assessed a deferred fine of $5,000, suspended from association with any FINRA member in all capacities for six months and ordered to pay deferred restitution, plus interest, to customers in the amount of $130,296. Without admitting or denying the allegations, Strange consented to the sanctions and to the entry of findings that she and her husband borrowed a total of $153,506.57 through two loans from customers–a husband and wife–who were Strange's husband's customers at their member firm. The findings stated that Strange and her husband coordinated and accepted the loans after the firm started inquiries into a complaint about Strange's husband's borrowing from another firm customer. To date, Strange and her husband have not repaid $141,500 of their debt to the customers. The findings also stated that Strange, knowing her husband was not permitted to borrow from firm customers and that he had been reprimanded and placed on heightened supervision, took steps to conceal the loans from the firm and create the false appearance that she was the only recipient of the loans. Strange accepted the loans into an account in her name only. Strange also helped one of the customers open an account, accompanying her to another broker-dealer to do so, in order to conceal the second loan from the firm. Strange benefited from her actions by using the proceeds of the loans, jointly with her husband, to pay rental expenses for the property at which she lived and worked with her husband, and for real estate transactions.

The suspension is in effect from February 20, 2018, through August 19, 2018. (**FINRA Case #2016050990401**)

Heather Xanthe VanLandingham (CRD #5343446, Odessa, Florida)
February 21, 2018 – An AWC was issued in which VanLandingham was fined $5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, VanLandingham consented to the sanctions and to the entry of findings that she effected transactions in a customer's account at her member firm without the customer's knowledge or authorization. The findings stated that a hacker gained access to the customer's email and sent emails through the customer's account to VanLandingham, the customer's representative, requesting separate wire transfers from the customer's account to outside bank accounts. VanLandingham did not know the emails were sent by an imposter. VanLandingham complied with the requests and initiated two wire transfers totaling $53,000. In each case, VanLandingham falsely attested in the firm's records that she verbally contacted the customer. Because there were insufficient funds in the account to fund the latter wire transfer, VanLandingham sold shares of four securities in the customer's account without authorization from the customer. Based on VanLandingham's false attestations, the firm processed the wires and disbursed the customer's funds to the outside account. The findings also stated that VanLandingham caused her firm to maintain inaccurate books and records by misrepresenting on firm documents that she had spoken with the customer to confirm the wire transfer requests when she had not verbally confirmed the requests.

The suspension was in effect from March 5, 2018, through March 30, 2018. (**FINRA Case #2016048942501**)

Ricky Mills Higgins (CRD #1726947, Spartanburg, South Carolina)
February 22, 2018 – An AWC was issued in which Higgins was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Higgins consented to the sanctions and to the entry of findings that he maintained customer-signed, but otherwise blank, forms for clients to submit to his member firm in connection with mutual fund exchanges. The findings stated that the pre-signed forms were completed and submitted to the firm following execution of the transactions. The firm did not require these forms be signed prior to the transactions, and Higgins' actions were in violation of the firm's WSPs.

The suspension is in effect from March 19, 2018, through June 18, 2018. (**FINRA Case #2016050244501**)

Jodie Ann LaMarre (CRD #2127928, Sarasota, Florida)
February 23, 2018 – An AWC was issued in which LaMarre was assessed a deferred fine of $10,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, LaMarre consented to the sanctions and to the entry of findings that she recommended an unsuitable strategy involving the consolidation of all of an elderly customer's assets in a single taxable account without regard to the fact that several of these assets were in tax-deferred accounts or investment vehicles. The findings stated that LaMarre failed to give adequate consideration to the significant losses her client would incur as a result of the tax consequences of this recommendation. LaMarre did not have a reasonable basis to believe that the recommended strategy was suitable for the customer's investment profile. The customer had a total net worth of less than $200,000 and was living on a fixed income. As a senior living on a fixed income, she had relatively low reportable income on her federal tax return, and avoiding the payment of unnecessary federal income taxes was critically important to her long-term financial stability. LaMarre was aware of and understood these negative tax consequences as a result of her review of disclosure paperwork, and also understood in each instance that other options were available that would have eliminated or reduced these consequences. LaMarre's unsuitable recommendation resulted in unnecessary tax liability of more than $33,000. Moreover, the substantial spike in the customer's taxable income for 2014 resulted in a reduction of her 2016 social security benefit by $264.80 a month. The findings also stated that LaMarre made a false statement on disclosure paperwork with the intention to conceal her role in recommending that another customer directly contact his variable annuities providers to make substantial cash withdrawals, even though the customer held both variable annuities in her member firm's accounts. LaMarre also made false and/or misleading statements to her firm, and to FINRA, about her role in the transactions. LaMarre had played the integral role in persuading her long-standing customer to make the substantial withdrawals from his variable annuities independently and without the firm's supervision and oversight. LaMarre provided instructions to the customer on how to make the withdrawals, and provided him with phone numbers and policy numbers. LaMarre's instructions to the customer were contrary to the firm's WSPs, which require that all variable annuity withdrawals must include the completion of disclosure paperwork and be executed through its annuity and insurance operations department. Additionally, after LaMarre realized that she made a mistake by orchestrating these withdrawals away from the firm's oversight and supervision, she completed withdrawal paperwork after the fact and included a false statement on that paperwork. The customer complained to LaMarre about her recommendation and the negative impact it would have on his financial situation. However, in violation of the firm's WSPs, LaMarre did not report the customer's complaint to management or compliance at the firm.

The suspension is in effect from March 5, 2018, through March 4, 2019. (**FINRA Case #2015046052701**)

Phillip Andrew Johnson (CRD #501352, Murfreesboro, Tennessee)
February 27, 2018 – An AWC was issued in which Johnson was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that he borrowed $528,000 from a customer, but failed to notify or obtain written approval of the loan in advance from his member firm. The findings stated that Johnson made an inaccurate statement on firm compliance questionnaires related to borrowing from a firm customer. The firm did not permit loans between registered persons and customers who were not close family members. Johnson and the customer are not family members.

The suspension is in effect from March 5, 2018, through June 4, 2018. (**FINRA Case #2017053041801**)

Daniel Brian Stern (CRD #1769600, Highland Park, Illinois)
February 28, 2018 – An AWC was issued in which Stern was assessed a deferred fine of $50,000, suspended from association with any FINRA member in all capacities for six months and ordered to pay deferred disgorgement of $267,165.40, plus interest. Without admitting or denying the findings, Stern consented to the sanctions and to the entry of findings that while registered with two member firms, he purchased shares in IPOs in a personal brokerage account held at another firm. The findings stated that the personal brokerage account was fully disclosed to one of the firms at the time of the transactions. Stern sold the IPOs, generating actual profits of $267,165.40. Persons associated with a member are prohibited from purchasing new issue in any account in which such person associated with a member has a beneficial interest.

The suspension is in effect from March 5, 2018, through September 4, 2018. (**FINRA Case #2017054294101**)

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of February 28, 2018. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions.

Todd Brinson Wyche (CRD #2186536, Corvallis, Montana)
February 27, 2018 – Wyche appealed an OHO decision to the NAC. Wyche was fined $10,000 and suspended from association with any FINRA member in all capacities for six months. The sanctions were based on findings that Wyche willfully failed to timely amend his Form U4 to disclose an unsatisfied federal tax lien against him for $230,265.19.

The sanctions are not in effect pending review. (**FINRA Case #2015046759201**)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

Michael Quiles III (CRD #4351166, Commack, New York)
February 2, 2018 – Quiles was named a respondent in a FINRA complaint alleging that he failed to provide FINRA with requested information and documents in connection with an investigation into his potential misconduct regarding a purported loan he received from a customer of a non FINRA-regulated bank affiliated with his member firm, and in connection with his failure to disclose two unsatisfied civil judgments and one unsatisfied tax lien, as well as his failure to timely disclose two civil judgments via an amended Form U4. (**FINRA Case #2016049315202**)

Peter Orlando (CRD #1142715, Barrington, Rhode Island)
February 7, 2018 – Orlando was named a respondent in a FINRA complaint alleging that he improperly obtained control over the finances of his member firm's customer, an 81-year-old widow. The complaint alleges that Orlando used his position of trust to become the executor of the customer's will, the customer's durable and health power of attorney and the beneficiary of her bank account and her will, with his wife named as a contingent beneficiary. Orlando failed to disclose these arrangements to the firm, which prohibited its representatives from serving in a fiduciary capacity for, or being named as the beneficiary of the account of, anyone other than a family member. The complaint also alleges that Orlando made an unsuitable recommendation that the customer surrender a variable annuity without having a reasonable basis to believe that the transaction was suitable for the customer, in view of the sales charge of $30, a Guaranteed Minimum Income Benefit (GMIB) rider charge of $497, a withdrawal charge of $3,440, as well as the loss of the $626.91 monthly automatic withdrawal payments she had been receiving and the future income she would have received as a result of purchasing the GMIB. Orlando's reason for recommending the variable annuity surrender was that he was unwilling to assist the customer with her finances if she remained a customer of the firm. When making the recommendation, Orlando failed to take into account the surrender and other charges, as well as the customer's reliance on the variable annuity for income. The complaint further alleges that contrary to the firm's policies, Orlando maintained two forms signed by the customer that were, except for a date and/or contract number, blank and incomplete in the customer's file in his office. Orlando resigned from the firm while it was conducting its investigation of his conduct. (**FINRA Case #2014043863001**)

DreamFunded Marketplace, LLC (Funding Portal ID #283594, San Francisco, California) and Manuel Fernandez (CRD #6639970, San Francisco, California)
February 23, 2018 – DreamFunded Marketplace, LLC and Fernandez were named respondents in a FINRA complaint that alleged the firm, a former FINRA funding portal member controlled by Fernandez, violated numerous SEC Regulation Crowdfunding Rules and FINRA Funding Portal Rules in connection with more than a dozen crowdfunding offerings promoted through its online portal, dreamfunded.com. The complaint alleges that the firm and Fernandez, its CEO, failed to provide timely and complete responses to requests for documents and information issued during FINRA's investigation of this matter. The complaint also alleges that from July 2016 through October 2017, the firm and Fernandez made false, exaggerated, unwarranted, promissory, or misleading claims to investors about offerings promoted through its online crowdfunding portal and about the portal itself; did not deny access to its platform when it had reason to believe issuers or their offerings presented the potential for fraud or otherwise raised investor protection concerns; included on its website issuer communications that it knew, or had reason to know, contained untrue statements of material facts or were otherwise false or misleading; lacked a reasonable basis for believing that the issuers offering securities through its online crowdfunding portal complied with applicable regulatory requirements; failed to provide required notices to investors of investment commitments, early closings of offerings, completion of securities transactions, and material changes to the terms of offerings or to information provided by issuers; failed to conduct required background and securities enforcement regulatory checks; and did not reasonably supervise the activities of its online crowdfunding portal or those of its associated persons. (**FINRA Case #2017053428201**)

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

G – W Brokerage Group, Inc. (CRD #22691)
Beverly, New Jersey
February 5, 2018

Firm Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

Global Emerging Capital Group, LLC (CRD #130120)
New York, New York
(February 7, 2018)

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.)

Chelsea Lauren Clemons-Denby (CRD #6367012)
Jacksonville, Florida
(February 26, 2018)
FINRA Case #2017053438601

Deborah Ann Day (CRD #733334)
Altamonte Springs, Florida
(February 6, 2018)
FINRA Case #2017055353601

Truitt Scott Ficklin (CRD #6253265)
Alexandria, Indiana
(February 20, 2018)
FINRA Case #2017055548901

Philip William Formwalt (CRD #6072038)
St. Simon Island, Georgia
(February 20, 2018)
FINRA Case #2017055479901

Kevin Richard Graetz (CRD #1935982)
New Canaan, Connecticut
(February 13, 2018)
FINRA Case #2016052540602

Lawrence E. Hagedorn (CRD #1794077)
Andover, Kansas
(February 26, 2018)
FINRA Case #2017055654101

Minish Joe Hede (CRD #2389098)
Morganville, New Jersey
(February 13, 2018)
FINRA Case #2016052540601

Raymond Woody Hooker (CRD #6084635)
Grand Blanc, Michigan
(February 26, 2018)
FINRA Case #2017054489801

Brian Patrick Hurley (CRD #5587230)
Plymouth, Massachusetts
(February 20, 2018)
FINRA Case #2017054610101

Lindsey Marie Katula (CRD #6617017)
Harrisonburg, Virginia
(February 16, 2018)
FINRA Case #2017055538001

Jason Harris Klabal (CRD #2910714)
Long Island City, New York
(February 12, 2018)
FINRA Case #2015047602802

Richard James Murphy (CRD #1016183)
New York, New York
(February 20, 2018)
FINRA Case #2017053489901

Michael Alan Sadouskas (CRD #6633096)
Villa Hills, Kentucky
(February 20, 2018)
FINRA Case #2017055661401

John Joseph Silvernale (CRD #6494744)
Saint Michael, Minnesota
(February 20, 2018)
FINRA Case #2017055435701

Casey Tyler Thompson (CRD #5705303)
Paia, Hawaii
(February 20, 2018)
FINRA Case #2017055740601

Sara Wilhite (CRD #6624861)
Vista, California
(February 20, 2018)
FINRA Case #2017055517301

Brandon M. Williams (CRD #6270075)
Madison, Wisconsin
(February 26, 2018)
FINRA Case #2017055123601

Larry Charles Wolfe (CRD #502361)
Boca Raton, Florida
(February 5, 2018)
FINRA Case #2017052731901

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.)

Donald Nelson Bower III (CRD #5926647)
Erin, New York
(February 12, 2018)
FINRA Case #2017055770201

Xavier Dwight Clinton (CRD #6825688)
Houston, Texas
(February 23, 2018)
FINRA Case #2017055825701

Geoffrey Bret Davidson (CRD #6677637)
Manchester, New Hampshire
(February 20, 2018)
FINRA Case #2017054699101

James Benjamin Farris (CRD #5174495)
Cotati, California
(February 26, 2018)
FINRA Case #2017053325801

Miguel Eduardo Guzman (CRD #6474248)
Ridgefield Park, New Jersey
(February 12, 2018)
FINRA Case #2017055959401

Melanie Haning (CRD #4977256)
Henderson, Nevada
(February 2, 2018)
FINRA Case #2017056399901

Mark Anthony Hernandez (CRD #5331133)
Pomona, California
(February 23, 2018)
FINRA Case #2017054827901

Ashley Marie Hostetter (CRD #6806115)
Watauga, Texas
(February 20, 2018)
FINRA Case #2017056643701

Shawn I. Houslin (CRD #6484585)
Jacksonville, Florida
(February 23, 2018 – March 23, 2018)
FINRA Case #2017056538101

Spencer Joseph Lassetter (CRD #6559760)
Phoenix, Arizona
(February 26, 2018)
FINRA Case #2017055914301

Abed William Lulu (CRD #2625609)
Farmingdale, New York
(February 26, 2018)
FINRA Case #2017055568801

Thomas Williams Manley II (CRD #6574550)
Austin, Texas
(February 12, 2018)
FINRA Case #2017055827601

Gurdev Singh Mann (CRD #4125483)
Woodland, California
(February 5, 2018)
FINRA Case #2016051569301

Michael D. McKenny (CRD #2037886)
Calumet City, Illinois
(February 12, 2018 – February 16, 2018)
FINRA Case #2017056113701

Andrea Marie Milinkovic (CRD #1977589)
Pittsburgh, Pennsylvania
(February 23, 2018)
FINRA Case #2017056174601

Ryan Michael Murnane (CRD #4784140)
Staten Island, New York
(February 12, 2018)
FINRA Case #2017052709901

Christopher Quocthai Nguyen (CRD #6410934)
Fort Worth, Texas
(February 2, 2018)
FINRA Case #2017055956001

Albert John Papada (CRD #5081539)
Hazle Township, Pennsylvania
(February 23, 2018)
FINRA Case #2017054892501

Zachary T. Rawson (CRD #6701857)
Indianapolis, Indiana
(February 23, 2018)
FINRA Case #2017055785201

Tyler V. Schultz (CRD #6353393)
Meridian, Idaho
(January 29, 2018 – February 21, 2018)
FINRA Case #2017055687301

Brett Michael Williams (CRD #6289770)
Tifton, Georgia
(February 2, 2018)
FINRA Case #2017056053701

Individual 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.)

Robert Thomas Anderson (CRD #2229293)
Chesterfield, Missouri
(February 26, 2018)
FINRA Arbitration Case #16-02233

Li-Lin Hsu (CRD #4706509)
Diamond Bar, California
(February 26, 2018)
FINRA Arbitration Case #15-02285

Michael David Lee (CRD #4004907)
Sanford, Florida
(September 9, 2015 – February 27, 2018)
FINRA Arbitration Case #14-02586

Jeffrey David Miller (CRD #334997)
Stowe, Vermont
(February 7, 2018)
FINRA Arbitration Case #15-01305

Carlos Antonio Rodriguez (CRD #4363000)
Austin, Texas
(February 26, 2018)
FINRA Arbitration Case #16-01948
Press Release

FINRA Fines Wedbush Securities Inc. $1.5 Million for Customer Protection, Net Capital Rule Violations and Related Failures

FINRA has fined **Wedbush Securities Inc**. $1.5 million for violating the Securities and Exchange Commission's (SEC) Customer Protection and Net Capital Rules, and for related supervisory and books and records failures.

The SEC Customer Protection Rule creates requirements to protect customers' funds and securities. To ensure that customers could recover their assets in the event of the broker-dealer's insolvency, the rule requires the broker-dealer, which maintains custody of customer securities, to obtain and maintain physical possession or control over certain of those securities. These securities must be segregated in a "control location," free of liens or any other encumbrance that could prevent customers from taking their possession. The rule also requires the broker-dealer to maintain a reserve of cash or qualified securities, in a bank account, that is at least equal in value to the net cash the broker-dealer owes its customers.

The SEC Net Capital Rule regulates the ability of broker-dealers to meet their financial obligations to customers by requiring broker-dealers to maintain a minimum amount of net capital and to compute their net capital in accordance with specified formulas.

FINRA found that, during a five-month period in 2015 and 2016, Wedbush was net capital deficient, ranging between $10.5 million and $59.4 million. The deficiencies resulted from Wedbush's failure to take required deductions when valuing certain certificates of deposit for purposes of computing its net capital.

In addition, from 2011 to 2016, Wedbush failed to accurately calculate its customer reserve requirement on 84 occasions, causing the firm to underfund its customer reserve account 73 times, in amounts ranging from approximately $2 million to $77 million. Wedbush also included ineligible assets in its customer reserve account, causing it to underfund its reserve an additional 110 times, in amounts ranging from approximately $9 million to $375 million.

Also, from 2009 to 2016, Wedbush repeatedly violated the possession or control requirement of the Customer Protection Rule by creating and/or increasing deficits in the quantity of securities it was required to keep in its possession or control, and holding customer assets in locations that were not protected from claims by third parties.

"Firms have a fundamental responsibility to safeguard the securities of their customers," said Susan Schroeder, FINRA's Executive Vice President, Department of Enforcement. "The Customer Protection and Net Capital Rules are important components of investor protection, and member firms must have reasonably designed and maintained systems and supervision to ensure both that they comply with the rules' requirements, and detect and remediate any weaknesses."

Wedbush also failed to establish and maintain supervisory systems and procedures reasonably designed to ensure compliance with the Customer Protection and Net Capital Rules, which exposed customer funds and securities to risk and prevented the firm from detecting the deficiencies for nearly seven years. Their supervisory failures also caused the firm to maintain inaccurate books and records, and to file 37 inaccurate FOCUS reports.

In settling this **matter**, Wedbush neither admitted nor denied the charges, but consented to the entry of FINRA's findings.