

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Southeast Investments, N.C., Inc. ([CRD #43035](#), Charlotte, North Carolina) and Frank Harmon Black ([CRD #22451](#), Rock Hill, South Carolina)

December 7, 2023 – A Securities and Exchange Commission (SEC) opinion was issued wherein the SEC sustained certain findings of violations and sanctions imposed by FINRA and set aside and remanded for further consideration certain findings and sanctions. Specifically, the SEC affirmed FINRA's findings that the firm and its owner, Black, failed to establish, enforce, and maintain an effective supervisory system for the retention of firm emails. The SEC found that the firm's policy permitting registered representatives to use personal email for firm business, if they copied the firm or forwarded to it emails from personal accounts, was not reasonably designed to ensure compliance with recordkeeping requirements. The SEC held that the firm and Black, who was responsible for the firm's supervisory policies and procedures, did not perform any audit or review of representatives' compliance with the firm's email policy. The SEC also affirmed findings that respondents failed to retain a representative's emails. For these violations, the SEC affirmed FINRA's imposition of fines totaling \$73,500 against the firm and Black, payable jointly and severally. Respondents have appealed the SEC's decision to the United States Court of Appeals for the Fourth Circuit with respect to these findings and sanctions, and the sanctions are not in effect pending the outcome of the appeal. Further, the SEC set aside FINRA's findings that Black testified falsely during an on-the-record interview that he had inspected four branch offices and that he fabricated documents in support of this false testimony. In so doing, the SEC also set aside the sanctions imposed for this misconduct—a bar of Black and a \$73,000 fine for the firm—and remanded the matter to FINRA for further consideration. ([FINRA Case #2014039285401](#))

Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah), Byron Bert Barkley ([CRD #12469](#), Salt Lake City, Utah) and James C. Snow Jr. ([CRD #2761102](#), Salt Lake City, Utah)

December 28, 2023 – An SEC opinion was issued wherein FINRA's findings of all violations are sustained. The sanctions it imposed are sustained in part and set aside in part, and the proceeding is remanded to FINRA. The SEC affirmed FINRA's findings that the firm violated Rule 203(b)(1) of Regulation SHO under the Securities Exchange Act of 1934 (Reg SHO) and FINRA Rule 2010 by engaging in short selling without finding locates for 122 short transactions effected in four penny stocks. The SEC also affirmed that the firm did not establish that it was acting as a bona-fide market maker in those stocks. In addition, the SEC affirmed that the

Reported for February 2024

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).

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firm, Barkley, and Snow failed to reasonably supervise the short sales to ensure compliance with Reg SHO and affirmed that the firm and Snow also violated Reg SHO by failing to devise a reasonable system to supervise the firm's registered personnel, consider whether an employee should be subject to heightened supervision, and supervise the review of instant messages. Further, the SEC affirmed that the firm and Snow failed to establish and implement reasonable anti-money laundering (AML) policies and procedures and conduct adequate AML training. For these violations, the SEC affirmed FINRA's order of disgorgement in the amount of \$51,624, plus prejudgment interest, for the short selling violations, as well as the order for the firm to retain an independent consultant for the supervisory and AML violations. The SEC set aside certain fines FINRA imposed on the firm, as well as the sanctions imposed on Barkley and Snow for their violations; and it remanded the case to FINRA to reconsider the appropriate sanctions in light of its opinion.

[\(FINRA Case #2012032731802\)](#)

Firms Fined

The Benchmark Company, LLC ([CRD #22982](#), New York, New York)

December 1, 2023 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$450,000. 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 policies and procedures reasonably designed to restrict the flow of potentially material non-public research information between the firm's research department and sales and trading personnel or prevent the selective dissemination of potentially material non-public research information to certain customers. The findings stated that the firm's failures concern research notes, which were emails typically following a newsworthy event prepared by a research analyst, approved for external use by the firm's research department and distributed outside the research department in advance of published research reports. These research notes contained analysis drafted by a research analyst utilizing the firm's internal financial modeling, which informed the firm's views of covered companies, including ratings, price targets, and earnings estimates. The firm failed to reasonably address the risk that these types of research notes could constitute research reports or include material non-public information that the firm's sales and trading personnel might misuse, including the potential for sales and trading personnel to utilize non-public advance knowledge of the information for the benefit of the firm or any other person. In addition, the firm failed to reasonably address the risk that firm personnel would selectively disseminate these types of research notes to parties external to the firm. The firm's failure to reasonably supervise the research note program allowed instances in which prospective customers who received the research notes traded in the securities of the covered company. ([FINRA Case #2019060649901](#))

The Windmill Group, Inc. ([CRD #8384](#), Somers, New York)

December 5, 2023 – An AWC was issued in which the firm was censured, fined \$12,500, ordered to pay restitution of \$8,375.37, plus interest, to customers, and required to certify that it has remediated the issues identified in the AWC and implemented a supervisory system, including WSPs, reasonably designed 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 charged customers excessive commissions on equity transactions. The findings stated that the firm, acting through one of its owners who is also a registered representative with the firm, charged a total of \$8,375 in excessive commissions in accounts belonging to two customers who were spouses. The commissions charged were not fair and reasonable given that the trades involved highly liquid stocks and the commissions exceeded five percent. Moreover, while the customers were made aware of the commissions after the trades, the commissions were not known prior. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA rules related to discretionary trading and to fair commissions. At the request of the customers, the firm permitted one of its owners to exercise discretionary trading authority in accounts belonging to the customers. The firm did so despite its WSPs prohibiting the exercise of discretion in brokerage accounts. The firm's WSPs failed to describe the supervisory steps involved in its daily reviews of all executed transactions for compliance with fair pricing requirements and what factors should be considered when determining the fairness of commissions or how the daily reviews were to be documented. ([FINRA Case #2021069375901](#))

SRT Securities LLC ([CRD #33725](#), Wellington, Florida)

December 6, 2023 – An AWC was issued in which the firm was censured, fined \$30,000, and required to certify in writing that it has remediated the issues identified in the AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 3270.01. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with rules governing outside business activities (OBAs). The findings stated that the firm knew registered representatives at the firm were engaged in an OBA involving an investment advisory business and that another registered representative was engaged in an OBA for which he planned to solicit investments in a hedge fund. The firm knew or should have known that these OBAs involved investment-related activity. However, in approving these OBAs, the firm did not evaluate whether they should be restricted or prohibited; if they would interfere with or otherwise compromise the registered representatives' responsibilities to the firm or its customers, or if they should be viewed as part of the firm's business; and if they should have been treated as outside securities activities, with any transactions recorded on the firm's books and records

as required by FINRA. The firm's supervisory system was not reasonably designed to achieve compliance with its obligations under FINRA Rule 3270.01 and the firm did not enforce its existing WSPs for evaluating potential conflicts of interest and documenting the approval of OBAs. ([FINRA Case #2021071651901](#))

HRT Financial LP ([CRD #152144](#), New York, New York)

December 8, 2023 – An AWC was issued in which the firm was censured, fined \$110,000, of which \$36,667 is payable to FINRA, and required to pay disgorgement of a portion of unlawful profits in the amount of \$233,445, of which \$77,815 is payable to FINRA, plus interest. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it over-tendered shares in the partial tender offer (PTO) of a company. The findings stated that the firm had a net long position of 164,920 company shares. However, the firm tendered 350,000 shares without accurately calculating its net long position in the security. Instead, the firm relied solely on the long equities position that it held in the aggregation unit that was involved in the tender offer. Consequently, the firm over-tendered 185,080 company shares in the PTO. After applying the proration factor, 13,569 of the firm's over-tendered shares were accepted, resulting in ill-gotten gains for it of \$233,445. The findings also stated that the firm did not have a supervisory system, including WSPs, for achieving compliance with Exchange Act Rule 14e-4. Subsequently, the firm updated its WSPs to remedy this issue. ([FINRA Case #2022076480801](#))

Elevation, LLC ([CRD #140341](#), Charlotte, North Carolina)

December 15, 2023 – An AWC was issued in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable federal securities laws and FINRA rules prohibiting fraudulent trading in equity securities. The findings stated that the firm had no supervisory system, including surveillance or supervisory reviews, to monitor for any type of fraudulent trading. In addition, the firm's WSPs did not include procedures that described how to review the trade blotter to identify different types of fraudulent trading, such as spoofing, layering, and wash trades, or explain why such reviews were required. The WSPs required the firm to conduct a daily manual review of the firm's trade blotter, which was done by the firm's supervisory personnel. The firm's trade blotter, however, included only executed orders, and did not include quotation or canceled order information, which is necessary to detect spoofing and layering because each involves the display and cancellation of orders to deceive other market participants. Ultimately, the firm revised its WSPs to explain how to conduct and document the firm's supervisory reviews for fraudulent trading. The firm also incorporated quotation and canceled order information in the firm's trade blotters for spoofing and layering reviews. ([FINRA Case #2016049229501](#))

SNC Capital Management Corp. dba RCM Securities (CRD #15548, Chicago, Illinois)
December 15, 2023 – An AWC was issued in which the firm was censured, fined \$20,000, and required to certify that it has reviewed and remediated the deficiencies in its client relationship summary (Form CRS), and has filed and delivered a Form CRS that complies with Exchange Act § 17(a)(1) and Exchange Act Rule 17a-14. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely file and deliver a Form CRS in willful violation of Exchange Act § 17(a)(1) and Exchange Act Rule 17a-14. The findings stated that the firm did not file a timely Form CRS with FINRA despite being notified by it of the firm's noncompliance. In addition, the firm failed to timely deliver a Form CRS to retail customers. The findings also stated that the firm willfully violated Exchange Act Section 17(a)(1) and Exchange Act Rule 17a-14 by providing an inaccurate response to the Form CRS question concerning legal or disciplinary history of its registered representatives. Before filing the Form CRS, the firm had disclosed three state disciplinary actions on its Uniform Application for Broker-Dealer Registration (Form BD). These disciplinary actions were all related to the firm engaging in a securities business in states in which it was not registered. In addition, Uniform Application for Securities Industry Registration or Transfer (Form U4) filings for three of the firm's registered representatives disclosed prior legal or disciplinary history. Nonetheless, the firm did not correctly answer the question on Form CRS until it filed a third revised form well after the Form BD and Form U4 filings.
([FINRA Case #2021069362101](#))

Purshe Kaplan Sterling Investments, Inc. (CRD #35747, Albany, New York)
December 20, 2023 – An AWC was issued in which the firm was censured, fined \$40,000, and ordered to pay \$16,000, plus interest, in partial restitution to customers. The amount of partial restitution being paid to customers is equal to the commissions that the firm received in connection with these customers' investments. One customer at issue in this AWC will not receive partial restitution because he previously settled his claims with the firm. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it negligently failed to tell investors material information concerning an alternative asset management firm. The findings stated that the firm did not inform the customers that the issuers had not timely filed audited financial statements with the SEC or the reasons for the delay. While the firm received the letters from the alternative asset management firm notifying it of the delays and its stated intention to complete a forensic audit, the firm sold limited partnership interests to firm customers after that announcement without disclosing that material information. The principal value of these sales totaled \$400,000 and the firm received a total of \$32,000 in commissions from the sales. Subsequently, the SEC filed a complaint against the alternative asset management firm and other defendants alleging, among other things, that the defendants engaged in securities fraud in violation of Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder. (Case No. 1:21-cv-00583, E.D.N.Y.). The United States Department of Justice also brought criminal charges against the alternative asset management firm's founder and Chief Executive Officer

(CEO) and two other executives, charging, among other things, securities fraud, mail fraud and wire fraud (Case No. 1:21-cr-54, E.D.N.Y.). Both cases currently remain pending, though one of the alternative asset management firm's former executives has pled guilty to wire fraud. ([FINRA Case #2018060896301](#))

Interactive Brokers LLC ([CRD #36418](#), Greenwich, Connecticut)

December 22, 2023 – An AWC was issued in which the firm was censured and fined \$3.5 million. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its reviews of customer execution quality failed to meet the reasonable diligence standard of FINRA Rule 5310 and the regular-and-rigorous review requirements of FINRA Rule 5310.09. The findings stated that, prior to forming a best execution committee, the firm's reviews of customer execution quality were ad hoc, not adequately documented, and did not consistently include all relevant execution quality factors or regularly assess competing venues. The firm also failed to conduct reasonable reviews for price improvement opportunities. When the firm's own Alternative Trading System (ATS), or two other market centers, disseminated priced indications of interest (IOIs) at least \$0.01 better than the National Best Bid or Offer (NBBO), the firm routed its customers' marketable orders to such venues before routing to venues that did not disseminate IOIs (non-IOI venues). The firm did so without reasonably evaluating the likelihood of obtaining greater price improvement from non-IOI venues. In addition, the firm failed to reasonably assess whether its practice, which it ceased during the relevant period, of adjusting its routing of non-marketable equity and options orders at the end of certain months to receive volume-based rebate payments affected its customers' execution quality. Furthermore, the firm failed to reasonably review the impact its routing to two broker-dealers that traded on a net basis had on its customers' execution quality, including price improvement, transaction costs, speed of execution, and whether customers' orders would have received better execution quality had the firm routed the orders directly for execution. In addition, the findings stated that the firm effected approximately 10.4 million customer transactions through the two other broker-dealers, which engaged in net trading activities. As such, the firm interjected these two broker-dealers between itself and the best market for the subject security. FINRA also found that the firm did not reasonably supervise for best execution. The firm failed to conduct reasonable reviews for price improvement as noted above. In addition, the firm did not have a supervisory system to review whether its periodic end-of-month adjustments to its routing of customer non-marketable equity and options orders to achieve exchange volume-based rebates affected the execution quality of customers' orders or a supervisory system reasonably designed to review whether its routing to third parties for net trading impacted execution quality. The findings also stated that the firm's WSPs failed to reasonably describe the supervisory system in place for performing regular and rigorous reviews of execution quality. For example, the firm's procedures failed to describe how best execution reviews should be conducted, including what execution quality statistics should be reviewed and how the firm's supervisory reviews should be documented. The WSPs were similarly devoid of any guidance for determining

the circumstances in which the firm should modify order routing arrangements. FINRA found that the firm failed to disclose material aspects of its relationships with venues. The firm's quarterly reports under Exchange Act Rule 606 did not disclose per share or per order amounts that the firm received as trading rebates from exchanges. Instead, the reports contained general disclosures that the firm received trading rebates without specifically noting the amount per share received during the quarter. ([FINRA Case #2014041809401](#))

WestPark Capital, Inc. ([CRD #39914](#), Los Angeles, California)

December 22, 2023 – An AWC was issued in which the firm was censured, fined \$475,000, ordered to pay \$218,160.36, plus interest, in restitution to customers, required to retain an independent consultant to conduct a comprehensive review of the adequacy of its policies, procedures, and internal controls relating to AML and compliance with FINRA Rule 3310, and compliance with Section 5 of the Securities Act of 1933, and required to certify in writing that it has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs, reasonably designed 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 develop and implement a reasonable AML program despite opening new accounts and facilitating money movements and securities transactions for customers referred to the firm by three high-risk investment banking clients (Issuers A, B, and C). The findings stated that as a result of its deficient AML program, the firm repeatedly opened accounts for customers referred by these issuers in the face of red flags that indicated representatives of these issuers were controlling the activity in the customers' accounts. The firm also failed to take reasonable steps to detect and investigate red flags of potentially suspicious trading in Issuer A. The firm's AML program was not reasonably designed to detect and cause the reporting of suspicious activity and was not reasonably designed to achieve compliance with customer identification requirements because its Customer Identification Program (CIP) suffered from multiple deficiencies. In addition, the firm's AML program was not reasonably designed to achieve compliance with customer due diligence requirements. The findings also stated that the firm failed to reasonably supervise an inexperienced and unregistered analyst and failed to preserve business-related communications. The firm compounded its AML failures by designating the unregistered analyst as its primary contact with Issuers A and B and the customers they referred. The firm also failed to supervise and retain communications between the unregistered analyst and the issuers, which occurred primarily in Mandarin on an unapproved messaging system. Further, despite the unregistered analyst's lack of any AML experience, the firm made him responsible for investigating and responding to AML inquiries from its clearing firm about the issuers and the referred customers, without taking reasonable steps to supervise him in that process. The findings also included that the firm failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with Section 5 of the Securities Act. The firm's WSPs regarding resale of unregistered securities were not reasonably designed to achieve compliance with

Section 5 because they failed to specify what information and documents should be collected and reviewed to determine whether proposed resale transactions were eligible for the Securities Act Rule 144's "safe harbor". The WSPs also failed to state what analyses should be performed to determine whether an exemption or safe harbor was available and which firm personnel should conduct the analysis and make the determination. FINRA found that the firm engaged in unethical conduct related to an AWC issued in 2021. The AWC required the firm, because of its negligent misrepresentations, to make offers of rescission to the holders of promissory notes issued by its parent company. Months before executing the AWC, however, the firm thwarted that rescission process without FINRA's knowledge by inducing all but three of the noteholders to sign "irrevocable" agreements not to accept any offer of rescission that would be made pursuant to an AWC. Moreover, the firm later attempted to enforce the agreements not to accept rescission and falsely informed FINRA that no noteholders had requested rescission when one had explicitly done so. The firm then failed to pay that noteholder for over a year. FINRA also found that the firm failed to reasonably supervise a registered representative who engaged in unsuitable trading and charged excessive markups and markdowns causing customers to incur \$190,516.99 in losses. Subsequently, the firm agreed to pay restitution to two additional customers who were harmed by the representative's trading in a settlement of an arbitration claim. In addition, FINRA found that the firm failed to obtain best execution and failed to establish and maintain a supervisory system and WSPs to achieve compliance with its best execution obligations. For corporate bond trades, the firm relied only on one counterparty's offer, without performing further diligence to ascertain the best market and buy and sell in such market so the resultant prices to the customers were as favorable as possible under prevailing market conditions. The firm failed to obtain best execution for those trades, costing its customers \$27,643.37. Moreover, FINRA found that the firm allowed a supervisor to supervise his own training activity. ([FINRA Case #2020067785302](#))

LPL Financial LLC (CRD #6413, Fort Mill, South Carolina)

December 27, 2023 – An AWC was issued in which the firm was censured, fined \$5.5 million, ordered to pay \$651,374.51, plus interest, in restitution to customers, and required to certify in writing that has it has remediated the publicly traded securities of business development companies (Listed BDCs) related issues identified in this AWC and implemented a supervisory system, including written procedures, reasonably designed to achieve compliance with Regulation Best Interest (Reg BI) regarding the Listed BDC issues. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise transactions that its registered representatives placed directly with product sponsors on behalf of firm customers. The findings stated that the firm did not take steps reasonably designed to ensure that its representatives

reported such transactions on the trade blotter the firm used to identify potential sales practice violations, resulting in approximately 830,000 such transactions not appearing on the blotter. The firm did not supervise these transactions since it did not generate exception reports from these transactions to identify potential sales practice violations, including potentially unsuitable transactions. For approximately two million additional transactions placed directly with product sponsors, the firm failed to ensure that it collected information for customers' investment profiles that was relevant for making certain suitability determinations. By failing to collect required customer information, the firm failed to make and preserve required books and records. The firm began a retrospective review of its transactions placed directly with product sponsors that identified purchases of class C mutual fund shares that were potentially unsuitable and inconsistent with the firm's WSPs. The firm's review also identified purchases of class B mutual fund shares that were potentially inconsistent with customers' investment horizons and liquidity needs. Collectively, such transactions caused customers to pay approximately \$546,000 in potentially excessive sales charges. The findings also stated that the firm provided inaccurate information to customers about switch transactions and failed to reasonably supervise these transactions. The firm sent customers letters that materially misstated the fees customers incurred in connection with product switches. This was because the firm databases that was used to generate the switch letters in some instances did not include sales charges for transactions involving these products and in other instances the firm populated the letters with sales charge data concerning the customers' most recent transactions in the relevant securities rather than the specific purchases associated with the switch. The firm did not identify certain potentially unsuitable transactions involving Unit Investment Trusts (UITs), that the firm's WSPs recognized are a "buy and hold" product and "are not intended for short term trading." Without the correct sales charge information, the firm failed to detect that certain representatives recommended that customers sell UITs substantially in advance of their maturity dates and use the sale proceeds to purchase a new UIT. The firm's failure to reasonably identify potentially unsuitable switches involving UITs and mutual funds caused customers to pay approximately \$31,000 in sales charges. The findings also included that the firm failed to reasonably supervise Listed BDC transactions to ensure that recommendations of Listed BDCs complied with FINRA Rule 2111 and Reg BI's Care Obligation. The firm relied on an electronic tool, which generated alerts to supervisors, to identify recommendations involving high concentration levels that were potentially unsuitable or not in the best interest of the customer. However, this tool did not reasonably alert supervisors when firm representatives made recommendations of potentially overconcentrated investments in Listed BDCs to customers with low and moderate risk tolerance. As a result, these customers incurred \$73,930 in realized losses.

[\(FINRA Case #2017052494701\)](#)

Individuals Barred

John Aloysius Dougherty (CRD #3018615, Ambler, Pennsylvania)

December 1, 2023 – An AWC was issued in which Dougherty was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dougherty consented to the sanction and to the entry of findings that he failed to provide information and documents requested by FINRA in connection to its examination into whether he engaged in undisclosed OBAs and private securities transactions. ([FINRA Case #2023077908201](#))

Joe David Gainer Jr. (CRD #4517367, Panama City, Florida)

December 1, 2023 – An AWC was issued in which Gainer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gainer consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into whether he failed to disclose a position of trust in relation to, and receiving a \$3 million dollar gift from, one of his firm clients. ([FINRA Case #2022075621801](#))

Estevao Dias Semedo (CRD #4631886, Brockton, Massachusetts)

December 4, 2023 – An AWC was issued in which Semedo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Semedo consented to the sanction and to the entry of findings that he failed provide information and documents requested by FINRA in connection with its investigation into whether he engaged in undisclosed OBAs and failed to timely disclose a felony charge on his Form U4. ([FINRA Case #2023078507801](#))

William Wade Godfrey (CRD #2447660, Clearwater, Florida)

December 5, 2023 – An AWC was issued in which Godfrey was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Godfrey consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into annuity exchanges by his customers at his member firm. The findings stated that the investigation originated after the firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that Godfrey was terminated as a result of submitting variable annuity applications with materially inaccurate information on exchange disclosure forms. ([FINRA Case #2022073818801](#))

David Michael Korsnack (CRD #6442930, Irvine, California)

December 5, 2023 – An AWC was issued in which Korsnack was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Korsnack consented to the sanction and to the entry of findings that he accessed unauthorized materials while taking the General Securities Representative

Series 7 examination. The findings stated that prior to the exam, Korsnack attested that he had read and would abide by the FINRA Qualification Examinations Rules of Conduct, However, during an unscheduled break, Korsnack left the testing center, retrieved his cell phone, and accessed material on his phone relevant to the examination he was taking in violation of the Rules of Conduct. The findings also stated that Korsnack provided false statements to FINRA in response to a request for information. Korsnack stated that he accessed his locker to check for a text message from his wife and did not access any materials. These statements were false in that Korsnack retrieved the phone from his car, not his locker, and accessed materials on his phone relevant to the exam he was taking. ([FINRA Case #2023078629101](#))

Alexandria P. Bovee aka Alexandria Montgomery ([CRD #7090353](#), Dalzell, South Carolina)

December 13, 2023 – An AWC was issued in which Bovee was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bovee consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into whether she violated FINRA rules or federal securities laws in connection with the offer or sale of securities. ([FINRA Case #2023078911001](#))

Eric Vance Kubiak ([CRD #4637674](#), Buffalo, New York)

December 14, 2023 – An AWC was issued in which Kubiak was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kubiak consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into his potential involvement with undisclosed OBAs, including those potentially related to crypto assets. The findings stated that initially Kubiak provided a partial but incomplete response to FINRA. Kubiak's partial response to FINRA did not substantially comply with FINRA's request, and the information and documents he failed to provide were material to its investigation. Ultimately, Kubiak refused to produce the outstanding information and documents requested. Kubiak was unwilling to produce the outstanding information and documents requested based on an assertion of confidentiality. ([FINRA Case #2023078422601](#))

Anthony Joseph Cantone ([CRD #1066139](#), Cape Coral, Florida)

December 15, 2023 – An AWC was issued in which Cantone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cantone consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation concerning his customers' purchases of low-priced securities, as well as possible conflicts of interest between his OBAs and his customers. ([FINRA Case #2022073419201](#))

John Petrone ([CRD #5634972](#), Willowick, Ohio)

December 15, 2023 – An AWC was issued in which Petrone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Petrone consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA related to, among other issues, his trading in an elderly customer's accounts and potential misappropriation from that customer. ([FINRA Case #2023080246601](#))

Robert Russel Tweed ([CRD #2339324](#), Glendale, California)

December 18, 2023 – An SEC opinion was issued wherein Tweed was barred from association with any FINRA member in all capacities. The findings of violations imposed by FINRA are sustained in part and set aside in part and the sanctions imposed are set aside. The SEC remanded this proceeding to FINRA for a redetermination of sanctions. The SEC agreed with FINRA that the failure to disclose fees associated with the Tweeds fund's investment in a master fund, the failure to disclose the change in master funds and the continued use of the outdated private placement memorandum, and the failure to disclose a consulting agreement with an individual constituted negligent violations of Section 17(a)(2) of the Securities Act. The SEC set aside FINRA's findings that Tweed's failure to disclose a five percent management fee an investment adviser firm received with respect to the fund's investment in a master fund was negligent. Because FINRA imposed a single sanction for all of Tweed's violations, the SEC set aside the bar and remanded the proceeding to FINRA for further consideration of the sanctions. ([FINRA Case #2015046631101r](#))

William Marc Rankin ([CRD #5534121](#), Irmo, South Carolina)

December 19, 2023 – An AWC was issued in which Rankin was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rankin consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection to its investigation into the details provided in a Form U5 submitted by his member firm disclosing that a customer had alleged that he recommended the liquidation of an Individual Retirement Account (IRA) without notifying her of the tax ramifications. ([FINRA Case #2022074916801](#))

Todd Ray Anderson ([CRD #1896352](#), Tucson, Arizona)

December 20, 2023 – An AWC was issued in which Anderson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Anderson consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection to its investigation of the circumstances surrounding an amended Form U5 submitted by his former member firm that disclosed that the firm had initiated an internal review after his client disputed a signature on a fixed annuity application. ([FINRA Case #2023079333101](#))

Louis Peter Goff (CRD #4882759, Layton, Utah)

December 20, 2023 – An AWC was issued in which Goff was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Goff consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation that originated from its review of a filing by another regulator. ([FINRA Case #2023080053501](#))

Cladius Olaniran Tokunboh (CRD #6058294, Kemp, Texas)

December 20, 2023 – An AWC was issued in which Tokunboh was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tokunboh consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into his OBAs. The findings stated that this matter originated from a Form U5 amendment filed by Tokunboh's previous member firm disclosing that he had been discharged for failure to disclose or provide material features about outside business and investment-related activities in which he was engaged and/or promoting. ([FINRA Case #2022075617701](#))

Ronald Luther Bucher (CRD #1804910, Fort Myers, Florida)

December 21, 2023 – An AWC was issued in which Bucher was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bucher consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with its investigation into the allegations made by his member in a Form U5 filing including that he communicated with customers via text messages and personal email in violation of firm policy. The findings stated that although Bucher produced some information in response to FINRA's request, he failed to produce other information, including the requested customer communications. ([FINRA Case #2022073421201](#))

Individuals Suspended

Jacob David Frankel (CRD #6496914, Kinnelon, New Jersey)

December 4, 2023 – An AWC was issued in which Frankel was suspended from association with any FINRA member in all capacities for four months. In light of Frankel's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Frankel consented to the sanction and to the entry of findings that he willfully failed to timely disclose multiple felony charges on his Form U4. The findings stated that Frankel was charged with two third-degree counts of Possession of a Controlled Dangerous Substance (CDS) in the State of New Jersey. Later, Frankel was charged with five third-degree counts of Possession of a CDS. These offenses each were punishable by a sentence of at least one year imprisonment and considered a felony for purposes of Form U4 amendments.

The charges were subsequently dismissed when Frankel pleaded guilty to reduced misdemeanor offenses. Frankel was aware of all charges at the time they were filed but did not disclose the charges to his firm or via the filing of an amended Form U4 until approximately one year late. In addition, Frankel falsely certified in an attestation to his member firm that he had never been charged with a felony. The findings also stated that in anticipation of joining another member firm, Frankel improperly removed and retained non-public personal customer information from the firms with which he was associated without the firms' or the customers' consent. The documents Frankel took contained non-public personal information, including social security numbers, driver's license and passport numbers, and account numbers, of over 200 different customers. Frankel retained these documents until they were secured by his new firm after a manager inspected Frankel's office, confiscated the documents, and reported the matter to FINRA.

The suspension is in effect from December 4, 2023, through April 3, 2024.
([FINRA Case #2022073749901](#))

Justin Howard Parkhurst (CRD #5202789, Teton, Idaho)

December 4, 2023 – An AWC was issued in which Parkhurst was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Parkhurst consented to the sanctions and to the entry of findings that he caused his member firm to maintain inaccurate books and records by changing the representative code for trades, causing the trade confirmations to show an inaccurate representative code. The findings stated that Parkhurst had entered into an agreement through which he and another representative working from the same branch office agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code that they shared with a retired representative. The agreement set forth what percentages of the commissions Parkhurst, the other representative, and the retired representative earned on trades placed using the joint representative code. Parkhurst placed trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although his firm's system correctly prepopulated the trades with the applicable joint representative code, Parkhurst changed the code for the trades to a different representative code that he shared only with the other representative. Parkhurst changed the codes because he mistakenly believed that his agreement with the retired representative did not apply to new assets added to accounts subject to the agreement. The firm's trade confirmations for the trades inaccurately reflected the representative code that Parkhurst shared only with the other active representative. Parkhurst's actions resulted in his receiving higher commissions from the trades than what he was entitled to receive pursuant to the agreement. Subsequently, the firm paid restitution to the retired representative and Parkhurst reimbursed the firm \$70,617, which was the approximate amount of additional commissions that he received as a result of his changing the representative code on the trades.

The suspension was in effect from January 2, 2024, through February 1, 2024.
([FINRA Case #2020068810101](#))

Daniel Hernan Vatterott ([CRD #1263265](#), St. Louis, Missouri)

December 4, 2023 – An AWC was issued in which Vatterott was fined \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Vatterott consented to the sanctions and to the entry of findings that he caused his member firm to maintain inaccurate books and records by falsifying the representative code for trades in his firm's order entry system, causing the trade confirmations to show an inaccurate representative code. The findings stated that Vatterott had entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code that he shared with the estate of a former representative. The agreement set forth what percentages of the commissions Vatterott and the former representative's estate earned on trades placed using the joint representative code. Vatterott placed trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although the firm's system correctly prepopulated the trades with the joint representative code Vatterott shared with the representative's estate, Vatterott entered the transactions under a different representative code. As a result, Vatterott received a higher percentage of commissions than what he was entitled to receive pursuant to the joint production agreement. Vatterott changed the codes because he mistakenly believed that the joint production agreement did not apply to new assets added to accounts subject to the agreement and that he was authorized to enter the trades using the other representative code. However, Vatterott did not do anything to confirm his understanding, such as asking the estate whether he could change the representative codes on the trades at issue or speaking with his firm to verify whether the transactions at issue were subject to the joint production agreement. After Vatterott's firm paid restitution to the representative's estate, Vatterott reimbursed the firm approximately \$87,500, which is the approximate amount of the additional commissions that he received as a result of changing the representative code on the trades.

The suspension is in effect from January 2, 2024, through July 1, 2024.
([FINRA Case #2021070570001](#))

Matthew T. Mierzycki ([CRD #6102769](#), Pharr, Texas)

December 5, 2023 – An AWC was issued in which Mierzycki was fined \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Mierzycki consented to the sanctions and to the entry of findings that he exercised discretionary trading authority to effect trades in numerous customer accounts without first obtaining the prior written authorization of the customers and without his member firm having approved the accounts as discretionary accounts. The findings stated that Mierzycki executed the transactions without speaking to or otherwise communicating with the customers on the days of the trades. The findings also stated that Mierzycki failed to timely disclose three compromises with creditors on his Form U4 despite his

knowledge of the compromises. Mierzycki had entered into agreements with two banks, in which both banks agreed to accept thousands of dollars less than his full amount owing to fully satisfy the debt.

The suspension is in effect from January 2, 2024, through May 1, 2024.
([FINRA Case #2021073142301](#))

Arthur Bruce McQuaide (CRD #4581876, Commack, New York)

December 7, 2023 – An AWC was issued in which McQuaide was suspended from association with any FINRA member in all capacities for six months. In light of McQuaide’s financial status, no monetary sanction has been imposed. Without admitting or denying the findings, McQuaide consented to the sanction and to the entry of findings that he engaged in excessive and quantitatively unsuitable trading in the accounts of two senior customers. The findings stated that the customers relied on McQuaide’s advice and routinely followed his recommendations and, as a result, McQuaide exercised de factor control over their accounts. As a result of McQuaide’s trading, the customers suffered collective realized losses of \$190,839, while paying total trading costs of \$201,684, including commissions of \$160,360.

The suspension is in effect from December 18, 2023, through June 17, 2024.
([FINRA Case #2018056490308](#))

Joseph Neil Savasta (CRD #1284685, Oyster Bay Cove, New York)

December 11, 2023 – An AWC was issued in which Savasta was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Savasta consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he had been charged with multiple felonies and that he subsequently pled guilty to three of them. The findings stated that Savasta was arrested and charged with Aggravated Vehicular Assault, Assault in the Second Degree, Vehicular Assault in the Second Degree and two counts of Driving While Intoxicated. Although Savasta was aware that he had been charged with multiple felonies, he did not amend his Form U4 to disclose that fact until approximately 16 months after his initial arrest. Ultimately, Savasta pled guilty to three of the felonies and the remaining charges were dismissed. However, Savasta did not include information about his felony guilty pleas in the amended Form U4 filed that disclosed the charges. It was not until a further amended Form U4 was filed, more than 30 days after he pled guilty to the felonies, that his guilty pleas were disclosed.

The suspension is in effect from December 18, 2023, through June 17, 2024.
([FINRA Case #2022077233201](#))

John A. Ordonez (CRD #4308539, Astoria, New York)

December 12, 2023 – An AWC was issued in which Ordonez was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 13 months. Without admitting or denying the findings, Ordonez consented to the sanctions and to the entry of findings that he backdated documents produced to FINRA in response to a request to his member firm for information. The findings stated that in gathering the documents, Ordonez saw that the relevant cover sheets that he was responsible for were blank. Ordonez signed and backdated the cover sheets to give the appearance of contemporaneous reviews. Ordonez was aware at the time that his firm would submit the backdated documents to FINRA. Subsequently, FINRA informed the firm that it intended to request that Ordonez appear for an on-the-record interview. Shortly thereafter, Ordonez informed his firm that he had signed and backdated the cover sheets and was immediately placed on administrative leave and the firm informed FINRA of his misconduct. During his on-the-record interview, Ordonez acknowledged that he had backdated the cover sheets provided to FINRA.

The suspension is in effect from December 18, 2023, through January 17, 2025. ([FINRA Case #2015044336602](#))

Darren N. Ting (CRD #6814035, San Mateo, California)

December 12, 2023 – An AWC was issued in which Ting was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Ting consented to the sanctions and to the entry of findings that he exercised discretionary authority to effect trades in customer accounts without obtaining written authorization from the customers to exercise discretion and without his member firm having accepted the accounts as discretionary. The findings stated that although the customers understood that Ting was placing trades in the accounts, the customers had not provided prior written authorization for Ting to exercise discretion. The findings also stated that Ting caused his firm to maintain inaccurate books and records by mismarking solicited trades as unsolicited.

The suspension is in effect from December 18, 2023, through April 17, 2024. ([FINRA Case #2022074432901](#))

Anna Schendra (CRD #7395727, Sunrise, Florida)

December 13, 2023 – An AWC was issued in which Schendra was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Schendra consented to the sanctions and to the entry of findings that she had access to unauthorized materials while taking the Series 7 General Securities Representative Qualification examination. The findings stated that

prior to beginning the exam, Schendra attested that she had reviewed and would abide by FINRA's Rules of Conduct, which prohibit access, use, or attempted use of personal items, including notes and study materials, during the exam. During three unscheduled breaks, Schendra had access to her personal notes and study materials located in the test center restroom.

The suspension is in effect from December 18, 2023, through June 17, 2025.
([FINRA Case #2022075760701](#))

Kevin R. Barry (CRD #6671667, Hillsborough, New Jersey)

December 14, 2023 – An AWC was issued in which Barry was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Barry consented to the sanctions and to the entry of findings that he possessed unauthorized materials while taking the Series 7 General Securities Representative Qualification examination. The findings stated that Barry took the Series 7 exam from his home using a remote testing platform. Prior to beginning the exam, Barry attested that he had reviewed and would abide by FINRA's Rules of Conduct, which prohibit access, use, or attempted use of personal items, including notes and study materials, during the exam. Barry also informed exam staff twice prior to beginning the exam that his cell phone was not on his person and was out of reach. However, during the exam Barry possessed and accessed a cell phone.

The suspension is in effect from December 18, 2023, through June 17, 2025.
([FINRA Case #2022076782101](#))

Yann C. Faho (CRD #5397543, Secaucus, New Jersey)

December 15, 2023 – An AWC was issued in which Faho was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Faho consented to the sanctions and to the entry of findings that he caused his member firm to maintain incomplete books and records by using his personal mobile phone to communicate via text message with firm customers regarding securities-related business. The findings stated that these text messages included Faho seeking and obtaining authorization to buy and sell stocks, discussion of specific investment recommendations, provision of market updates, and conversations about account performance. Faho's firm did not capture or maintain these text messages, as it was required to do.

The suspension is in effect from December 18, 2023, through February 17, 2024.
([FINRA Case #2020065621901](#))

Carl Cirelli ([CRD #6738582](#), Springfield, New Jersey)

December 19, 2023 – An AWC was issued in which Cirelli was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Cirelli consented to the sanctions and to the entry of findings that he placed unauthorized trades in a deceased customer's account. The findings stated that prior to learning about the customer's death, Cirelli caused trades to be made in the customer's non-discretionary accounts.

The suspension is in effect from January 16, 2024, through February 15, 2024.
([FINRA Case #2021071455501](#))

Felipe Henao Vargas ([CRD #5140431](#), Weston, Florida)

December 19, 2023 – An AWC was issued in which Henao was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Henao consented to the sanctions and to the entry of findings that he exercised discretion without written authorization in a customer's account by initiating a substantial short position in a volatile exchange-traded note. The findings stated that after the trade went against his customer, Henao closed out the position. Henao did not have written authorization from the customer, or permission from his member firm, to exercise discretion in the account. Henao aggravated his misconduct by using an unapproved communication channel to exchange messages concerning the trades with a family member of the customer after the fact.

The suspension is in effect from January 2, 2024, through February 15, 2024.
([FINRA Case #2020068622401](#))

Frederick R. Watson ([CRD #1303088](#), Aurora, Ohio)

December 21, 2023 – An AWC was issued in which Watson was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Watson consented to the sanctions and to the entry of findings that he engaged in an OBA by serving as the executor of a customer's estate without providing prior written notice to his member firm. The findings stated that Watson had a reasonable expectation of compensation and requested compensation for his services as executor. Ultimately, Watson did not receive compensation for this role. In addition, Watson inaccurately reported in firm annual compliance questionnaires that he had not been named as an executor in any customer's estate or will and had not engaged in any outside employment or business interest without the firm's approval.

The suspension is in effect from January 2, 2024, through May 1, 2024.
([FINRA Case #2019064529901](#))

Mitchell Steven Morrison ([CRD #728484](#), Newport Beach, California)

December 22, 2023 – An AWC was issued in which Morrison was fined \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Morrison consented to the sanctions and to the entry of findings that he participated in private securities transactions that raised \$462,500, without providing prior written notice to his member firms. The findings stated that Morrison and another individual created a financial technology company, with Morrison serving as the President and CEO. While he was associated with the firms, Morrison disclosed his involvement with the company as an OBA. However, Morrison did not provide either of his firms with prior written notice that he intended to raise funds for the company, nor did he obtain written approval from either firm to sell membership interests in the company. The private offering of membership interests are securities sold pursuant to Regulation D of the Securities Act. In addition, Morrison completed quarterly and annual compliance questionnaires for one firm in which he falsely denied participating in any private securities transactions.

The suspension is in effect from January 2, 2024, through May 1, 2024.

([FINRA Case #2021070397401](#))

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.

D. Allen Blankenship ([CRD #2842335](#), King of Prussia, Pennsylvania)

December 7, 2023 – Blankenship was named a respondent in a FINRA complaint alleging that he engaged in unsuitable short-term trading of mutual funds by effecting trades in customer accounts that lacked a reasonable basis. The complaint alleges that the holding periods for these trades ranged from 119 to 364 days. Those transactions resulted in sales charges of \$21,158.45 paid by the customers and generated commissions of \$16,014.16 for Blankenship. In addition, Blankenship recommended mutual fund purchases where he failed to ensure that customers received \$21,873.91 in available mutual fund breakpoints. The complaint also alleges that Blankenship circumvented his member firm's procedures for supervising mutual fund transactions when he intentionally divided his customers' mutual fund investments into multiple purchases of amounts less than \$20,000 to avoid completing and submitting forms required by the firm, in order to evade the firm's supervisory requirements, and circumvent the firm's system for reviewing mutual fund transactions for suitability. Blankenship's circumvention of firm procedures deprived his customers of important information concerning their mutual fund

transactions and impeded the firm from supervising his mutual fund transactions. The complaint further alleges that Blankenship caused his firm to maintain inaccurate books and records by mismarking the purchases of mutual funds as unsolicited, even though he solicited these investments.
([FINRA Case #2019064333401](#))

Keith Craig Baron ([CRD #3231494](#), Massapequa, New York)

December 14, 2023 – Baron was named a respondent in a FINRA complaint alleging that he made material misrepresentations to a married senior couple in connection with his recommendation of a company's stock. The complaint alleges Baron failed to disclose to the couple that he was a consultant for the company and had a financial stake in their investment as a result of his agreement with it. Later, Baron made additional material false statements to one of the investors in connection with a purported buyback of the couple's shares of the company. The complaint also alleges that Baron failed to disclose his OBA to his member firm by failing to provide prior written notice to it concerning his business relationship with the company. Baron had an ongoing business relationship with the company pursuant to an agreement in which he expected to receive compensation and received \$284,890 in compensation from it during one year. The complaint further alleges that Baron participated in private securities transactions by recommending and facilitating the couples purchases of shares of the company's common stock for \$359,806.16 but failed to obtain written authorization from his firm to participate in the transactions. These transactions were done away from the firm and were outside the regular course or scope of Baron's employment with it. Baron did not provide written notice to his firm of his role in the sale of the company's common stock to the couple prior to participating in those securities transactions. In addition, the complaint alleges that Baron made false statements orally and in writing to his firm. On annual certifications to the firm, Baron claimed not to have any undisclosed OBAs and also orally told the firm's compliance director that he did not have any ongoing affiliation or relationship with the company. Baron also repeatedly concealed his relationship with the company in documents submitted to the firm. When the couple submitted a complaint about him to FINRA, Baron misrepresented to the firm the nature and extent of his involvement with the couple's purchases of the company's stock. Moreover, the complaint alleges that Baron submitted false information to FINRA regarding his involvement with the couple's investment with the company and misrepresented the nature and extent of his involvement with it.
([FINRA Case #2022073772701](#))

Daniel Keith Beech ([CRD #6169844](#), Oak Park, California)

December 18, 2023 – Beech was named a respondent in a FINRA complaint alleging that he improperly paid commissions of approximately \$900,000, directly and indirectly, to an unregistered person, who was required to be registered at the time of the payments. The complaint alleges that while registered with a member firm, Beech entered into an agreement with the unregistered person's registered

investment advisory firm to purchase the unregistered person's book of business (the Purchase Agreement). No FINRA member firm reviewed, approved, or was a party to the Purchase Agreement. The Purchase Agreement required Beech to pay the unregistered person's advisory firm \$10,000 up front and thereafter 75 percent of commissions Beech earned from transactions in certain customer accounts for ten years and 25 percent of commissions for an additional five years. During the relevant period, the unregistered person solicited new brokerage customers for Beech, attended meetings and telephone calls with Beech and his brokerage customers, independently met with Beech's brokerage customers to discuss securities investments to be made through Beech, made securities recommendations to certain of Beech's brokerage customers, maintained customer records for certain of Beech's brokerage customers, and received commissions from securities transactions conducted in brokerage accounts. ([FINRA Case #2022076391701](#))

**Firm Cancelled for Failure to Pay
FINRA Dues, Fees and Other Charges
Pursuant to FINRA Rule 9553**

Arque Capital, Ltd. (CRD #121192)

Scottsdale, Arizona

(December 1, 2023)

FINRA Case #2023079336701

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

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

Kenneth Tedd Holman (CRD #1050201)

Highland, Utah

(October 3, 1989 – December 29, 2023)

FINRA Case #DEN-768

**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.)

David John Funes (CRD #5467419)

Austin, Texas

(December 4, 2023)

FINRA Case #2023077973401

**Christopher William Lynch (CRD
#3271153)**

Sayre, Pennsylvania

(December 11, 2023)

FINRA Case #2022076850401

John Celon Rabulan (CRD #6946631)

Virginia Beach, Virginia

(December 11, 2023)

FINRA Case #2023078315301

**Anthony Thomas Vadino (CRD
#874586)**

Saline, Michigan

(December 22, 2023)

FINRA Case #2023077796101

**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.)

Cody Chase Coffey (CRD #5748127)

Fort Payne, Alabama

(December 4, 2023)

FINRA Case #2023078237201

John Jay Kersey (CRD #1480524)

Lebanon, Ohio

(December 4, 2023)

FINRA Case #2023079099601

**Individuals Suspended for Failure to
Comply with an Arbitration Award
or Related Settlement or an Order of
Restitution or Settlement Providing
for Restitution Pursuant to FINRA Rule
Series 9554**

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

Joseph J. Di Peri (CRD #5752608)

Lake Oswego, Oregon

(December 29, 2023)

FINRA Arbitration Case #23-02105

Steven Kiyoto Hirata (CRD #1188927)

Fresno, California

(December 26, 2023)

FINRA Arbitration Case #23-01679

FINRA Orders Four Firms to Pay \$2.6 Million for Violations Relating to Fully Paid Securities Lending

Includes Over \$1 Million in Restitution to Impacted Customers

FINRA announced that it has sanctioned four firms—[M1 Finance LLC](#), [Open to the Public Investing, Inc.](#), [SoFi Securities LLC](#), and [SogoTrade, Inc.](#)—a combined \$2.6 million, including over \$1 million in restitution to retail customers enrolled in fully paid securities lending programs and fines of \$1.6 million for the firms' related supervisory and advertising violations.

"It is imperative that FINRA member firms offering fully paid securities lending programs exercise particular care in supervising them. FINRA will continue to fulfill its mission of investor protection by enforcing the applicable rules and working to ensure that harmed customers receive restitution," said Bill St. Louis, Executive Vice President and Head of Enforcement, FINRA.

Fully paid securities lending is a practice through which a clearing firm borrows a customer's fully paid or excess margin securities and lends them to a third party in exchange for a daily borrowing fee. If a customer chooses to enroll in a fully paid lending program, the clearing firm determines which securities to borrow, when, and on what terms. The daily borrowing fee that the clearing firm collects is generally shared among the clearing firm, the introducing broker-dealer, and the customer who owns the borrowed security. When shares are borrowed over a dividend date, instead of dividend payments, customers receive payments in lieu of dividends, which typically are subject to a higher tax rate than qualified dividends.

The four broker-dealer firms that FINRA has sanctioned failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to supervise their fully paid securities lending offerings. Although each firm agreed in contracts with their clearing firm to determine which of its customers were appropriate for participation in fully paid securities lending, the firms did not establish any criteria for customer participation or take any steps to make appropriateness determinations prior to enrolling their customers in fully paid securities lending. Instead, they enrolled all new customers in fully paid securities lending at account opening. The firms also provided customers with disclosure documents that contained misrepresentations that customers would receive compensation for the lending of their securities, including in the form of a "loan fee." In fact, the customers did not receive any compensation.

The over \$1 million in restitution compensates customers whose securities were lent out over a dividend date and who therefore potentially suffered adverse tax consequences as a result of their participation in the fully paid securities lending programs.

In settling these matters, [M1 Finance](#), [Open to the Public Investing, Inc.](#), [SoFi Securities](#), and [SogoTrade](#) consented to the entry of FINRA's findings without admitting or denying the charges.