Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Centaurus Financial, Inc. (CRD #30833, Anaheim, California) and Donnie Eugene Ingram (CRD #1416971, Winter Haven, Florida)
May 5, 2023 – An Order Accepting Offer of Settlement was issued in which the firm was censured, fined $50,000 and ordered to pay $388,962.13, jointly and severally, in restitution to customers. Ingram was assessed a deferred fine of $15,000, suspended from association with any FINRA member in all capacities for six months and ordered to pay $388,962.13, jointly and severally, in restitution to customers. Without admitting or denying the allegations, the firm and Ingram consented to the sanctions and to the entry of findings that Ingram lacked a reasonable basis to recommend Unit Investment Trusts (UITs) and alternative investments. The findings stated that Ingram recommended that his customers purchase standard version units that caused them to incur transactional sales charges, instead of the fee-based units of the same UIT that would have avoided most of these same transactional sales charges and that were available to them. Ingram was aware of the costs and expenses and his ability to purchase the fee-based UITs. Despite understanding that his customers would have benefitted from purchasing the fee-based UITs by paying lower costs for the same security, Ingram nonetheless recommended and purchased the standard version UITs in his customers' accounts for his own financial benefit and to the detriment of his customers. Ingram also recommended that nine of his customers purchase alternative investments through the firm thereby incurring selling commissions that could have been avoided had he recommended that his customers purchase the same investments for less, which were available as a result of the customers' investment advisory agreement through his investment advisory firm. Ingram was aware of the costs and expenses and his ability to enter into selling agreements with these issuers on behalf of his investment advisory firm that would have allowed his customers to avoid paying selling commissions. Despite understanding that his customers would have benefitted from purchasing the lower-cost investments through his investment advisory firm, Ingram nonetheless recommended and purchased alternative investments through the firm for his own financial benefit and to the detriment of his customers. Ingram had no reasonable basis to recommend that his customers purchase the more expensive standard version UITs and to purchase alternative investments through the firm. The findings also stated that Ingram did not act with commercial honor and observe just and equitable principles of trade when he recommended that his customers purchase the more expensive standard version UITs when the fee-based UITs were equally available at a lower cost. Similarly, Ingram did not act with commercial honor and observe

Reported for July 2023

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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just and equitable principles of trade when he recommended that his customers purchase alternative investments through the firm when he knew that they could have purchased the investments without paying selling commissions based on the customers' investment advisory relationship with his investment advisory firm. The findings also included that the firm failed to reasonably supervise Ingram's recommendations. Ingram's direct supervisor failed to conduct any suitability review to determine if his recommendations of standard version UITs to his customers were suitable in light of the fact that identical, lower cost fee-based UITs were available. Similarly, the supervisor did not review whether Ingram's recommendations to purchase alternative investments through the firm were suitable where investment advisory customers were eligible to purchase those investments without a commission. The supervisor's supervisory failure continued when the supervisor was responsible for implementing Ingram's heightened supervision. The firm failed to enforce its supervisory procedures in multiple ways. Not only did it fail to ensure that the supervisor was conducting a suitability review of Ingram's recommendations, but the firm's trading principal also did not perform any suitability review to determine if Ingram's recommendations of UITs were suitable, as required by the firm's written supervisory procedures (WSPs). The firm also failed to ensure that the regional compliance supervisor's review of Ingram's alternative investments recommendations included a consideration of the costs that the customers incurred in purchasing these investments through the firm when identical, lower cost alternatives of the same securities were available.

The suspension is in effect from May 15, 2023, through November 14, 2023. **(FINRA Case #2018057298701)**

Arque Capital, Ltd. (CRD #121192, Scottsdale, Arizona) and Michael Cheng Ning (CRD #1229733, Torrance, California)
May 10, 2023 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined $50,000, and Ning was assessed a deferred fine of $15,000 and suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the findings, the firm and Ning consented to the sanctions and to the entry of findings that the firm violated Section 15(c) of the Securities Exchange Act of 1934 (Exchange Act) by conducting a securities business while failing to maintain the required minimum net capital. The findings stated that the firm conducted a securities business when its net capital fell below the required minimum amount, with deficiencies ranging from $24,726 to $46,582. These deficiencies occurred because the firm understated its debt relating to commissions payable and misstated allowable assets by overstating commissions receivable from a mutual fund company. The findings also stated that the failed to timely notify FINRA and the Securities and Exchange Commission (SEC) of its net capital deficiencies for three periods during which the firm's minimum net capital

fell below its minimum requirement and provided a notification that contained a material inaccuracy. The notification stated that its net capital deficiency ended that day, when in fact it ended a month prior. The firm did not file an amended notice with FINRA and the SEC reflecting the correct period of the deficiency until over 20 months later. The findings also included that the firm failed to make and keep accurate books and records. The firm created and maintained inaccurate balance sheets, trial balances, general ledgers, and net capital computations. These inaccurate records resulted from the firm's failure to accrue and record certain expenses, accurately account for commissions payable, commissions receivable, and direct business receivables, and accurately record assets and liabilities. In addition, the firm miscalculated and overstated its net capital. FINRA found that the firm filed inaccurate and untimely Financial and Operational Combined Uniform Single (FOCUS) reports. The firm inaccurately recorded certain financial information—including its liabilities, expenses, ownership equity, revenue, assets, net capital, and minimum net capital requirement—on quarterly and month-end FOCUS reports. In addition to filing inaccurate FOCUS reports, the firm filed one late FOCUS report. FINRA also found that Ning willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose two tax liens. The IRS filed two tax liens against Ning, one for $79,621, and another for $218,573. The IRS mailed notice of each tax lien to Ning's residential address. However, Ning failed to amend his Form U4 to disclose the tax liens until over a year later. In addition, FINRA determined that the firm and Ning failed to remit withheld employee payroll taxes to the U.S. Treasury. Ning, as the firm's owner and chief executive officer (CEO), controlled the firm's financial affairs and directed the collecting, accounting, and paying of payroll taxes to the U.S. Treasury. Although Ning was aware of the firm's obligation to remit the withheld payroll taxes to the U.S. Treasury when they became due, the firm used those funds to pay for other firm business expenses. As a result, during this period, the firm and Ning failed to remit employees' payroll taxes to the U.S. Treasury as they became due. The firm owed approximately $125,000 in unpaid payroll taxes, which it has since paid.

The suspension is in effect from June 5, 2023, through January 4, 2024. **(FINRA Case #2020065125701)**

Firms Fined

Madison Avenue Securities, LLC (CRD #23224, San Diego, California)
May 1, 2023 – An AWC was issued in which the firm was censured, fined $50,000 and ordered to pay $63,296, plus interest, in restitution to customers. The restitution represents the difference between sales charges the customers paid for their mutual funds and how much they would have paid if they had invested in a single mutual fund family. Without admitting or denying the findings, the firm consented to the

sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to supervise mutual fund transactions that the firm's representatives effected through its electronic order entry system to confirm the suitability of the transactions regarding potential available sales charge discounts. The findings stated that the firm used a process called a T-plus-1 review where firm principals manually reviewed mutual fund transactions submitted through the electronic order entry system the day after the transaction. The firm used an electronic trade monitoring program for the firm's suitability review of transactions entered into the electronic order entry system, along with a principal's review of the trade monitoring program's surveillance alerts, including for "Fund Family Diversification." Neither the T-plus-1 or surveillance alert review process allowed for reasonable review of the suitability of customers' purchases of mutual funds in multiple different mutual fund families, either simultaneously or sequentially, resulting in missed sales charge discounts. Neither process included a review of customers' mutual funds holdings purchased away from the firm that could have been used to achieve sales charge discounts through a right of accumulation. Further, 12 firm customer households purchased mutual funds in multiple different mutual fund families, either simultaneously or sequentially, in transactions submitted through the electronic order entry system. These customers' sales charges would have been reduced had they purchased mutual funds all within one mutual fund family, rather than among several fund families. In addition to those customers, another customer simultaneously purchased six mutual funds in five different mutual fund families at the recommendation of a firm registered representative in transactions submitted via the firm's electronic order entry system. At the time, the customer already held mutual funds away from the firm. Although the strategy involved highly rated funds, the customer's sales charges would have been reduced if he had purchased mutual funds in one mutual fund family and reduced even further if he had invested in the mutual fund family of the funds he held away from the firm. This customer was compensated for the missed sales charges discounts through a separate settlement. The firm has since revised its supervisory system, including WSPs, regarding mutual fund supervision, including further describing the T-plus-1 and surveillance alert review processes for mutual fund transactions. **(FINRA Case #2019061187802)**

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York)
May 1, 2023 – An AWC was issued in which the firm was censured and fined $700,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to ensure that trainees did not place unsolicited telemarketing calls to individuals on the national do-not-call registry and the firm's do-not-call list. The findings stated that the firm conducted a monthly

review of randomly selected trainees for compliance with telemarketing rules. This review was not reasonable because the firm only considered the subset of calls made by those trainees that had been placed to numbers the trainees had designated as belonging to prospective clients in the firm's contact management system, a system in which trainees could designate lists of telephone numbers as belonging to prospective clients and screen them against the do-not-call lists. If a trainee failed to enter a phone number into the contact management system as a prospective client, the firm did not identify calls to that number as part of this monthly review, or otherwise review the call for compliance with telemarketing rules, even if the trainee entered the number into a search tool that trainees could use to identify if an individual phone number appeared on a do-not-call list, and even if the number was included on the national do-not-call registry or the firm's do-not-call list. As a result, the firm's monitoring program did not detect thousands of outbound calls its trainees placed to telephone numbers that were listed on the national do-not-call registry or the firm's do-not-call list. The firm did not review these calls for compliance with telemarketing rules and did not determine whether the calls were made subject to an exception from FINRA Rule 3230. The firm was alerted to this issue by a former employee and initiated an internal review of trainee calling activity and its associated processes. The firm subsequently self-reported the conclusions of its review to FINRA. The firm later implemented enhanced call screening and supervisory review technology, adopted enhanced supervisory procedures, conducted enhanced training, and began monitoring all outgoing trainee calls for compliance with FINRA Rule 3230. **(FINRA Case #2019062900001)**

International Research Securities, Inc. (CRD #19532, Dallas, Texas)
May 2, 2023 – An AWC was issued in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Section 15(c) of the Exchange Act by conducting a securities business while failing to maintain its required minimum net capital. The findings stated that the firm signed a loan agreement with the Small Business Administration for a loan of $1,636,300. The firm used most of the proceeds of the Economic Injury Disaster Loan (EIDL) to purchase mutual funds, and it improperly subtracted the value of those mutual funds from its total aggregate indebtedness, which caused the firm to incorrectly calculate its minimum net capital requirement. The firm's net capital fell below the required minimum and remained below it for over five months. The firm conducted a securities business on 112 days during that period. The findings also stated that the firm failed to make and preserve accurate records and filed an inaccurate FOCUS report and inaccurate and untimely notices related to its net capital. The firm improperly subtracted the value of mutual funds purchased with EIDL funds from its total aggregate indebtedness. This caused the firm to prepare and maintain inaccurate aggregate indebtedness, minimum required net capital, and excess net capital computations. During that

period, the firm filed one FOCUS report that inaccurately stated the firm's aggregate indebtedness, required minimum net capital, and excess net capital. In addition, although the firm's net capital fell below the required minimum, it did not file a Net Cap Deficiency Notice until over a month later, which inaccurately stated the firm's aggregate indebtedness, required minimum net capital, and net capital deficiency. The firm failed to file an accurate Net Cap Deficiency Notice until over five months after its net capital fell below the required minimum. Further, when the firm's net capital fell below 120 percent of its required minimum net capital, it failed to file an Early Warning Notice for over three months. **(FINRA Case #2022075288901)**

Brokers International Financial Services, LLC (CRD #139627, Urbandale, Iowa)
May 5, 2023 – An AWC was issued in which the firm was censured, fined $30,000, 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 Rules 3110(a), (b), and (d) and required to certify that it has completed a review of all available or reasonably obtainable records related to outside brokerage accounts known to the firm between certain dates reasonably designed to detect potential violations of the federal securities laws and FINRA rules, including those prohibiting insider trading and frontrunning. If the review shows that any customers were harmed by any misconduct identified, the firm is ordered to pay restitution, including interest, to each such customer. 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 written procedures, reasonably designed to supervise the outside brokerage accounts disclosed by its registered representatives. The findings stated that the firm's written procedures failed to identify any steps to verify that the firm actually received and reviewed duplicate statements for each of the outside brokerage accounts. The procedures also failed to state how supervisors should review duplicate statements for indicia of potential violations, how often such reviews should be conducted, and how such reviews should be documented. By failing to review statements from all outside accounts, the firm failed to detect red flags of potential violations. In addition, the firm limited its review of the duplicate statements to a manual review by the supervisors. This manual review process was not reasonable given the volume of monthly statements and because the manual review did not facilitate identification of patterns of activity over time or across accounts. **(FINRA Case #2020066257301)**

O'Neil Securities Incorporated dba William O'Neil Securities (CRD #894, Boston, Massachusetts)
May 11, 2023 – An AWC was issued in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to record on its books and

records, and supervise, two private securities transactions. The findings stated that a registered representative at the firm submitted a private securities transaction form seeking approval to participate in a private offering for a company formed to invest in real property, which the firm approved. The representative subsequently solicited 12 individuals who invested a total of $800,000. The same representative later submitted another private securities transaction form seeking approval to participate in a second private offering for a different company formed to invest in real property, which the firm also approved. The representative thereafter solicited 13 individuals who invested a total of $1,300,000. The representative received compensation in connection with these transactions. Despite having approved these two private securities transactions, the firm did not record the transactions on its books and records or reasonably supervise them. The firm did not document its approval of the first transaction until 14 months late, and it did not document its analysis of the second transaction until two months after the transaction had already closed. In addition, the firm's WSPs did not require a principal to conduct a supervisory review of the materials relating to private securities transactions, including offering memoranda, completed investor questionnaires, and subscription agreements. The findings also stated that the firm failed to timely update the Forms U4 of three registered representatives to disclose non-securities related outside business activities (OBAs) that did not involve firm customers. The three registered representatives timely disclosed their OBAs to the firm upon hiring, but the firm did not update their respective Forms U4 until after FINRA alerted the firm of the deficiencies during its exam. When the firm modified its WSPs, the firm failed to establish and maintain a reasonable supervisory system to update representatives' Forms U4 to disclose OBAs. The firm did not compare the representatives' disclosures with their Forms U4, and its WSPs did not identify the individual responsible for updating Forms U4. **(FINRA Case #2020065277801)**

Crews & Associates, Inc. (CRD #8052, Little Rock, Arkansas)
May 16, 2023 – An AWC was issued in which the firm was censured, fined $50,000 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 Municipal Securities Rulemaking Board (MSRB) Rules G-18 and G-17. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold municipal bonds to an affiliated bank while prohibiting markups when selling bonds to the affiliate. The findings stated that the firm failed to implement a reasonable supervisory system, including WSPs, to address the conflict of interest in the selling arrangement between the firm and its affiliate and, thus, to monitor for potential violations of MSRB Rules G-18 and G-17 in connection with charging such markups. The firm agreed with its affiliate to not sell it secondary market bonds with a markup. The firm therefore created two trading accounts for traders involved in sourcing bonds for the affiliate: (i) an account for

bonds the firm intended to sell to its affiliate, in which markups were not added, and (ii) a general inventory account, in which the firm added markups, intended for use when selling to other customers. The firm did not discover, and therefore did not review for, potential indirect sales of bonds in general inventory to its affiliate through third-party intermediaries until later. In addition, the firm's WSPs to date do not address the conflict presented when placing bonds in the affiliate-related account (precluding a markup) versus general inventory (entailing a markup). The firm, through its former head trader, failed to abide by the arrangement with the affiliate bank and third-party broker-dealers were interposed in 94 transactions. Specifically, bonds were allocated to general inventory, a markup was added, and then the bonds were indirectly sold to the firm's affiliate bank using third-party broker-dealers as intermediaries. The firm, after discovery of these transactions, permitted the trader to resign and reimbursed its affiliate $918,476 for markups and fees resulting from the trader's actions. **(FINRA Case #2021072487002)**

MML Investors Services, LLC (CRD #10409, Springfield, Massachusetts)
May 16, 2023 – An AWC was issued in which the firm was censured and fined $250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely amend its associated persons' Forms U4 and U5 to report disclosable events, including but not limited to customer complaints and arbitrations, the disposition of complaints, criminal charges, bankruptcies, internal reviews and investigations, and regulatory actions. The findings stated that the disclosure delays ranged from three days to over 1,100 days after the firm received notice of the reportable events at issue. The findings also stated that the firm failed to establish, maintain, and enforce reasonable supervisory procedures, including WSPs, to timely and accurately report regulatory events on Forms U4 and U5. The firm's procedures were not reasonable to ensure effective communication among the firm's departments concerning events that may warrant disclosure. In addition, the firm's system for updating previously reported customer complaints and arbitrations led to over a dozen late filings. The firm relied in part on a shared email address where employees could provide updates regarding the disposition of open complaints and arbitrations to the regulatory reporting team. This system relied on employees in other departments to timely communicate updates regarding open matters to the regulatory reporting team, which would also run searches in an attempt to identify relevant updates. However, this process was not memorialized in the firm's procedures and there was no set cadence for when such searches would be performed and by whom. The firm has since recognized these deficiencies and subsequently revised its supervisory system. The firm also implemented a new system provided by a third-party vendor designed to improve interdepartmental communication of reportable events. **(FINRA Case #2020065534802)**

DMK Advisor Group, Inc. (CRD #41067, Lutz, Florida)
May 18, 2023 – An AWC was issued in which the firm was censured and fined $35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Section 17(a)(1) of the Exchange Act and Rule 17a-14 thereunder by failing to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with customer relationship summary (Form CRS) requirements. The findings stated that the firm's WSPs did not prescribe any procedures for supervising how the firm should file, deliver, and update the Form CRS. The firm has since updated its WSPs to provide additional guidance regarding Form CRS. The firm failed to timely deliver Form CRS to approximately 25 percent of the firm's retail customers. The firm arranged for its clearing firm to deliver the Form CRS to all customers who had accounts with the clearing firm. However, the firm failed to deliver the Form CRS to certain customers of the firm who did direct business with it and therefore did not have accounts with the clearing firm. After this issue was identified by FINRA, the firm subsequently delivered its Form CRS to these customers. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 15/-1 of the Exchange Act (Reg BI). The firm's WSPs concerning Reg BI provided only general background information regarding the purpose of Reg BI. The WSPs did not address the Care or Conflict of Interest Obligations of Reg BI, nor did they describe how to prevent, detect, or promptly correct violations of Reg BI or to otherwise achieve compliance with Reg BI. The firm has since updated its WSPs to provide additional guidance regarding Reg BI. (**FINRA Case #2021069380201**)

American Wealth Management, Inc. (CRD #25536, Atlanta, Georgia)
May 19, 2023 – An AWC was issued in which the firm was censured, fined $35,000 and required to certify that it has reviewed and remediated the deficiencies in its Form CRS, and has filed, delivered, and posted to its website a Form CRS that complies with Section 17(a)(1) of the Exchange Act, Exchange Act Rule 17a-14, and FINRA Rule 2010. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Section 17(a)(1) of the Exchange Act, Exchange Act Rule 17a-14, and FINRA Rule 2010 by omitting required information from its Form CRS. The findings stated that the firm failed to respond "Yes" to the question concerning legal or disciplinary history on the Form CRS, even though the firm and six of its registered representatives in fact had prior legal or disciplinary history. Before filing its Form CRS, the firm had already disclosed five disciplinary actions on its Uniform Application for Broker-Dealer Registration (Form BD). All of those filings, and the disclosures contained in the filings, were reflected in FINRA's Central Registration Depository (CRD) and in BrokerCheck and were made by or were available to the firm. Following FINRA's investigation, the firm updated its Form CRS to respond "Yes" to the question concerning legal

or disciplinary history. The firm also omitted from its Form CRS other required information, such as specific headings and disclosures about potential conflicts of interest. In addition, the firm failed to include the required conversation starter, "How might your conflicts of interest affect me, and how will you address them?" The firm later updated its Form CRS to include the required language about potential conflicts of interest, as well as the conversation starter. Further, the firm has failed to explain how its representatives are compensated; it instead has only described certain types of compensation that its representatives do not receive. (**FINRA Case #2021069376801**)

Axos Invest LLC (CRD #172393, Las Vegas, Nevada)
May 19, 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 willfully violated Section 17(a)(1) of the Exchange Act, Exchange Act Rule 17a-14, and FINRA Rule 2010 by filing and delivering to customers two versions of its Form CRS containing inaccurate information. The findings stated that the firm falsely responded "No" to the question concerning legal or disciplinary history on its initial and amended Form CRS. At the time the firm filed its initial Form CRS, a control affiliate and a firm registered representative had prior legal or disciplinary history. At the time the firm filed its amended Form CRS, the affiliate and two of the firm's registered representatives had prior legal or disciplinary history. Before filing these Forms CRS, regulatory disclosures reflecting the affiliate's and registered representatives' legal or disciplinary history had already been made by, or were available to, the firm in FINRA's CRD and in BrokerCheck. The firm had already disclosed on its Form BD that the affiliate had been the subject of disciplinary actions. This affiliate had been the subject of 13 disciplinary actions that, which included findings for failing to file Suspicious Activity Reports (SARs) relating to the deposit and sale of low-priced securities, failing to develop and implement an anti-money laundering (AML) program reasonably designed to achieve compliance with the Bank Secrecy Act, failing to provide customers with margin interest rate disclosures, and failing to comply with Regulation SHO of the Exchange Act's close-out requirements for short sales. In addition, a Form U4 filing for one of the firm's registered representatives disclosed a bankruptcy filing, and Form U4 and U5 filings for the other registered representative disclosed a customer complaint. Despite having disclosed the affiliate's legal or disciplinary history on its Form BD—and despite its knowledge of its registered representatives' legal or disciplinary history—the firm incorrectly responded "No" to the Form CRS question concerning legal or disciplinary history. Following FINRA's investigation, the firm updated its Form CRS to respond "Yes" to the question concerning legal or disciplinary history. **(FINRA Case #2022076103701)**

Harpeth Securities, LLC (CRD #109821, Nashville, Tennessee)
May 19, 2023 – An AWC was issued in which the firm was censured and fined $35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Rule 15/-1 of the Exchange Act by failing to establish written policies and procedures, and a supervisory system, reasonably designed to achieve compliance with Reg BI. The findings stated that the firm acted as a placement agent for two private placements, recommending them to approximately 490 retail investors. Nonetheless, the firm failed to establish, maintain, and enforce a supervisory system, including WSPs reasonably designed to achieve compliance with Reg BI. Despite the firm's awareness of Reg BI's implementation date, the firm's written policies and procedures contained no provisions relating to Reg BI. The findings also stated that the firm failed to establish a supervisory system, including WSPs, reasonably designed to achieve compliance with its Form CRS obligations. The firm's WSPs contained no provisions relating to Form CRS. The firm has since established written policies and procedures relating to Reg BI and Form CRS after FINRA initiated its investigation in this matter. **(FINRA Case #2021069277101)**

Highlander Capital Group, Inc. (CRD #19074, Short Hills, New Jersey)
May 19, 2023 – An AWC was issued in which the firm was censured and fined $5,000. 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 willfully violated Section 17(a)(1) of the Exchange Act by filing and delivering to customers a firm Form CRS with inaccurate information. The findings stated that the firm falsely represented on the Form CRS that neither it nor its associated persons had any legal or disciplinary history. In fact, the firm and two of its registered representatives had prior legal or disciplinary history. Despite having disclosed six disciplinary actions on its Form BD—and despite its knowledge of its registered representatives' legal or disciplinary history—the firm falsely responded "No" to the Form CRS question concerning legal or disciplinary history. Following FINRA's investigation, the firm updated its Form CRS to respond "Yes" to the question concerning legal or disciplinary history. **(FINRA Case #2021069357901)**

J.P. Morgan Securities LLC (CRD #79, New York, New York)
May 22, 2023 – An AWC was issued in which the firm was censured and fined a total of $750,000, of which $187,500 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its financial risk management controls and supervisory procedures were not reasonably designed to prevent certain erroneous orders that exceeded appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicated duplicative orders. The findings stated that the firm's market access

controls failed to prevent five erroneous orders routed to exchanges and alternative trading systems. For each of the orders, the firm's trading desks applied fixed single order quantity limits and static single order notional value limits depending on the specific desk, trader, and/or client. Each of these single order quantity and single order notional value limits applied static limits regardless of security and thus failed to consider the individual characteristics of the security. Except for one desk's single order quantity control, the firm's single order quantity, single order notional value, and average daily value thresholds were too large to be effective, and the firm failed to provide any documented rationale for why it set them at such levels. Moreover, many of the size controls triggered "soft blocks" when applicable thresholds were reached. In contrast to a "hard block" that generally prevents an order from being submitted by automatically rejecting it, a soft block pauses an order until the block is overridden, or the order is cancelled back or modified. However, the firm's WSPs did not address how to handle, document and review soft block overrides. Accordingly, the firm's controls that relied on soft blocks did not prevent the entry of certain erroneous orders. The firm later implemented changes to its supervisory requirements relating to soft blocks that included tracking and reviews of soft block overrides and adding compliance trainings and updates to its WSPs on the handling of soft blocks. In addition, the firm failed to provide any documented rationale for why it set its limit price thresholds at levels greater than the definition of a clearly erroneous transaction. Furthermore, the firm did not have a reasonable duplicative order control. The firm did apply a risk control that checked orders with the same symbol, side, and quantity. This control triggered a hard block if more than 50,000 order messages with the same symbol, side, and quantity were sent within two seconds. However, the 50,000-order threshold that was applied separately to each of the firm's connections to external venues was too high to be effective. The firm provided no documented rationale supporting why such a high threshold was reasonable. As of July 2022, the firm had implemented additional controls to prevent the entry of orders that—based on price and/or size of the order relative to the market—could potentially lead to unintended market impact. **(FINRA Case #2018058111301)**

Financial Security Management, Incorporated (CRD #43000, Virginia Beach, Virginia)
May 24, 2023 – An AWC was issued in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act (BSA) and implementing regulations. The findings stated that the firm lacked reasonable procedures to ensure that a firm employee was actually and timely reviewing and responding to information requests from the Financial Crimes Enforcement Network of the Department of the Treasury (FinCEN). The firm failed to search its records in response to any requests. The firm's

written procedures failed to designate a responsible person by name or title, and failed to explain any steps the responsible person was supposed to take to search firm records in response to such requests. In addition, the written procedures failed to state how any such steps should be documented. The firm designated an employee to complete such searches, but the employee failed to do so, and the firm had no process for checking that the searches were being completed. The firm has since updated its written procedures and systems to address compliance with requests. The findings also stated that the firm failed to conduct annual independent testing of its AML compliance program. Although the firm conducted annual testing of its AML compliance program, the individual who conducted it reported to the firm's AML compliance officer (AMLCO) and therefore was not "independent." This individual also lacked training and experience concerning applicable requirements under the BSA and its implementing regulations. The firm also failed to conduct a risk-based review of its full AML program and its compliance with the BSA and its implementing regulations. The testing was limited to the review of a random sample of accounts for compliance with the firm's know-your-customer and Customer Identification Program (CIP) requirements. The firm took no other steps to review or test any other processes outlined in the firm's written AML procedures, including its process for searching firm records in response to FinCEN requests. The firm has since used a qualified outside party to perform annual AML testing. **(FINRA Case #2021069393901)**

Vanguard Marketing Corporation (CRD #7452, Malvern, Pennsylvania)
May 25, 2023 – An AWC was issued in which the firm was censured and fined $800,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it provided misleading account statements to its customers. The findings stated that, as a result of a technical issue where newer information received through an automated data feed did not overwrite certain existing data, the firm failed to update the yield data used to calculate the estimated yield and annual income figures for certain money market funds held as a position (as opposed to a settlement vehicle). This caused the estimated yield and estimated annual income on approximately 8.5 million account statements to be overstated. Separately, after FINRA began its investigation of this issue, the firm self-reported to FINRA that other errors affected the presentation of performance information on certain account statements. When firm customers deposited a paper or electronic check into an account on the last business day of the month, the personal performance section of the account statement incorrectly identified the deposit as an increase in market value instead of a cash deposit. The error would be corrected automatically in the next month's account statement as a decrease in market value in the same amount. Further, the firm's account statements inaccurately reflected margin credits and debits—such as paying down margin debt or purchasing a security on margin—as market appreciation or depreciation where the customer maintained an open position spanning multiple months. The

account statements would be corrected automatically when the position closed. In addition, for approximately 50 corporate actions (e.g., stock splits), firm account statements inaccurately reported differences in the value of shares before and after the corporate action as a purchase or withdrawal instead of market appreciation or depreciation. These errors caused the "Investment Return" calculation to be inaccurate. The errors did not affect the actual market yield paid to customers, which was correct, or holdings information displayed on customer statements. The findings also stated that the firm failed to reasonably investigate red flags that its account statements were misleading. Approximately 50 customers contacted the firm to alert it that it miscalculated the estimated annual yield and estimated annual income for a money market fund on account statements. Notwithstanding, the firm failed to promptly investigate whether the yield data used to calculate the estimated yield and estimated annual income for money market funds on account statements was correct. Likewise, the firm received 50 customer calls and emails relating to certain deposits being reflected as increases in market value and certain corporate actions being reflected as purchases or withdrawals but failed to investigate the issues promptly. (**FINRA Case #2020068469601**)

Park Avenue Securities LLC (CRD #46173, New York, New York)
May 31, 2023 – An AWC was issued in which the firm was censured, fined $30,000 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 Rules 3110 and 2010. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a registered representative who engaged in an undisclosed OBA involving the operation of a medical cannabis business and participated in undisclosed private securities transactions involving the business. The findings stated that the firm failed to take reasonable steps to investigate red flags that the representative was engaged in an undisclosed OBA and unapproved private securities transactions. As part of the firm's systems and procedures for supervisory review of registered representative emails, in addition to randomly sampling emails, the firm used a tool that filtered emails using search terms to identify regulatory "red flags," including with respect to possible OBAs and possible private securities transactions. If an email contained one or more of the search terms, it was flagged and pulled into a queue for review. The firm's procedures specified that first-line reviewers had to escalate flagged emails to a supervisor where there was an indication of a potential breach of company policies and procedures, or violations of applicable laws and regulations. The firm's email review system flagged twenty-six emails the representative sent or received related to the medical cannabis business that had red flags indicating he may have been involved in an OBA or private securities transactions. However, in all but one of these instances, the firm's first-line reviewers closed out the supervisory review without further escalation

or investigation. In the flagged emails, the representative received or was copied on inquiries from the company's investors, solicitations to prospective investors including firm customers, instructions to investors to contact the representative regarding questions or payments related to investing in the medical cannabis business, and other communications about the management, operation, or acquisition of the business. Several of the emails included attachments further implicating the representative's OBA or private securities transactions related to the medical cannabis business, such as subscription agreements, business licensure applications, and acquisition documents. The firm escalated only one flagged email involving the representative's involvement with the medical cannabis business. When a supervisor asked the representative about a flagged email, the representative denied any knowledge of the medical cannabis business and the firm closed the inquiry without further investigation. The firm did not take steps to inquire further, even though its system subsequently flagged eight other emails the representative sent or received reflecting his involvement with the medical cannabis business. During an internal investigation, the firm identified information related to the undisclosed private securities transactions and subsequently terminated the representative. **(FINRA Case #2020066651002)**

Individuals Barred

Cullen David Factor (CRD #2569145, Natick, Massachusetts)
May 1, 2023 – An AWC was issued in which Factor was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Factor 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 to determine whether he engaged in any sales practice violations during his associations with his member firm. **(FINRA Case #2021071099402)**

Jason Lee Pintus (CRD #5239408, Union Beach, New Jersey)
May 8, 2023 – An AWC was issued in which Pintus was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pintus 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 and his member firm's supervision of a registered representative. The findings stated that FINRA sought to investigate, among other issues, Pintus' role in the potential falsification of documents produced to FINRA; supervision of the representative; supervision of third-party wires for AML red flags; supervision of other firm representatives' potential excessive trading; and Pintus' own potential excessive and unauthorized trading. **(FINRA Case #2022076459302)**

Christopher John Carpenter (CRD #6601132, Marvin, North Carolina)
May 18, 2023 – An AWC was issued in which Carpenter was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carpenter consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA. The findings stated that this matter originated from FINRA's review of the Uniform Termination Notice for Securities Industry Registration (Form U5) filed by Carpenter's member firm stating that the firm was reviewing his alleged participation in unapproved real estate investments with customers. **(FINRA Case #2023077787801)**

Antonino Giaccone (CRD #7414226, Egg Harbor Township, New Jersey)
May 23, 2023 – An AWC was issued in which Giaccone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Giaccone consented to the sanction and to the entry of findings that he cheated on a FINRA Series 7 General Securities Representative Examination. The findings stated that prior to beginning the examination, Giaccone attested that he had read and would abide by the FINRA Rules of Conduct. During the examination, Giaccone accessed the internet, including online forums, to assist with answering examination questions. **(FINRA Case #2022076693501)**

Kevin Cory (CRD #1716966, Vero Beach, Florida)
May 26, 2023 – An AWC was issued in which Cory was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cory consented to the sanction and to the entry of findings that he intentionally misrepresented and omitted material facts in communications with his former customers. The findings stated that when Cory was not registered or associated with a member firm, two of his former customers, a married couple, invested $500,000 of their retirement funds in a purported investment fund formed and managed by Cory. The offering memorandum for the fund, which was prepared by Cory, represented that the fund's strategy was to invest in global equity securities, with an overall long market bias. However, instead of pursuing this strategy, Cory used the former customers' funds to make loans to various small businesses, including businesses owned by Cory or managed by his friends and associates. The small businesses, including those owned by Cory, defaulted on the loans from the fund. As a result, the fund had no assets, and its corporate registrations were cancelled for failure to pay taxes. After Cory associated with a firm, the former customers made periodic inquiries with him regarding their investment in the fund and requested account statements for their investment. Cory prepared and sent the former customers fictitious account statements wherein he intentionally misrepresented that their investment in the fund had risen in value when, in fact, their investment was worthless. Cory also intentionally misrepresented and omitted material facts regarding the value of the former customers' investment in the fund, the nature of

the fund's loans to small businesses, and his collection efforts on the overdue loans. In addition, Cory falsely claimed that individuals other than him were responsible for preparing financial information for the fund. The findings also stated that Cory violated FINRA's standards for communications with the public by distributing false and misleading communications to his former customers. **(FINRA Case #2022073802901)**

Individuals Suspended

Shahab Seyedshahab TagnaviDinani (CRD #2503652, Aliso Viejo, California)
May 2, 2023 – An AWC was issued in which TagnaviDinani was fined $5,000, suspended from association with any FINRA member in all capacities for 45 days and ordered to pay disgorgement of commissions received in the amount of $1,998.77, plus interest. Without admitting or denying the findings, TagnaviDinani 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 the customer maintained a non-discretionary account at his member firm, with TagnaviDinani as her registered representative. The customer was the only person with authority to authorize transactions in the account. The customer died on January 17, 2021, which TagnaviDinani learned the following day. Between the customer's death and November 2021, TagnaviDinani placed unauthorized buy and sell orders in the account. TagnaviDinani discussed several of the trades with surviving members of the customer's family, but those individuals did not have trading authorization over the account. TagnaviDinani received $1,998.77 in commissions from the unauthorized trades.

The suspension is in effect from June 5, 2023, through July 19, 2023. **(FINRA Case #2022073991601)**

Stefan Andrew Spath (CRD #2876322, Orlando, Florida)
May 5, 2023 – An AWC was issued in which Spath was assessed a deferred fine of $15,000 and suspended from association with any FINRA member in all capacities for 20 months. Without admitting or denying the findings, Spath consented to the sanctions and to the entry of findings that he intentionally made material misrepresentations and omitted material information in communications with issuers about the status of Form 211 applications, which is required to be filed to initiate or resume quotations in a quotation medium. The findings stated that in these emails, Spath typically misrepresented, or gave the misleading impression, that he had filed a Form 211 with FINRA or responded to a FINRA request for information to support a Form 211, when he had not done so. This information was material to the issuers because the outcome of the Form 211 process determined whether his member firm could initiate quotations for their securities and therefore whether the

issuers would satisfy one of the requirements for applying for admission to the over-the-counter (OTC) markets. The findings also stated that Spath provided false and misleading responses to FINRA requests for information to support certain Forms 211 filed by the firm. Spath's responses to FINRA were false and misleading with respect to how and when the firm first became aware of the issuer and/or whether all emails concerning the issuer were attached to the response. The findings also included that Spath engaged in an OBA without providing prior written notice to his firm. Spath agreed to assist a friend with securing short-term loans from investors to finance the friend's cattle and olive farm. Spath introduced five investors, none of whom were firm customers, to the owner of the farm. The investors and the farm executed loan agreements memorializing loans to the farm totaling $450,000. The loans had a maturity of less than five months and were secured by the farm's assets or the farm owner's personal guarantee. As compensation for the referrals, the farm paid Spath approximately $74,000. Spath did not provide prior written notice to the firm about his activities involving the farm or disclose to the firm that he received compensation for referring investors. In addition, Spath submitted two compliance questionnaires to the firm in which he falsely attested that he had not participated in OBAs that had not been disclosed to the firm.

The suspension is in effect from May 15, 2023, through January 14, 2025. **(FINRA Case #2019062640301)**

Jacob Harrison Leddy (CRD #6073108, Annapolis, Maryland)
May 9, 2023 – An AWC was issued in which Leddy was fined $5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Leddy consented to the sanctions and to the entry of findings that he improperly removed and retained customer non-public personal information without his member firm's or the customers' consent. The findings stated that in anticipation of joining another FINRA member firm, Leddy improperly removed his customers' non-public personal information from the firm by taking photographs of account information for customers contained within the firm's electronic systems, including customer names, dates of birth, account numbers and social security numbers. Following Leddy's resignation from the firm, he improperly retained the customers' non-public personal information. That information was secured by the new firm through which Leddy had become registered, and Leddy returned the customers' non-public personal information to his former firm prior to its use.

The suspension was in effect from June 5, 2023, through June 16, 2023. **(FINRA Case #2021071850602)**

Michael Robert Neill (CRD #4700490, Wayne, Pennsylvania)
May 9, 2023 – An AWC was issued in which Neill was fined $5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Neill 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 Neill 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 retired representative. The agreement set forth what percentages of the commissions the estate of the retired representative and Neill would earn on trades placed using the joint representative code. Neill placed trades in accounts that were covered by the agreement using his own personal representative code. Although the firm's system correctly prepopulated the trades with the applicable joint representative code, Neill changed the code for the trades to his personal representative code. Neill did so because he mistakenly believed that his agreement with the estate of the retired representative did not apply to new assets added to accounts subject to the agreement and that he therefore was authorized to enter the trades using his personal representative code. The firm's trade confirmations for the trades inaccurately reflected Neill's personal representative code. Neill'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 reimbursed the estate of the retired representative.

The suspension was in effect from June 5, 2023, through July 4, 2023. (**FINRA Case #2021071288701**)

Rush Flowers Harding III (CRD #501131, Little Rock, Arkansas)
May 16, 2023 – An AWC was issued in which Harding was assessed a deferred fine of $30,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Harding consented to the sanctions and to the entry of findings that he willfully violated MSRB Rules G-18(b) and G-17 by interpositioning third-party broker-dealers in transactions, and by contravening his member firm's arrangement with its affiliate. The findings stated that Harding's firm agreed with its bank affiliate to not sell the affiliate secondary market bonds with a markup due to the affiliate's banking regulators prohibiting it from paying a markup when buying secondary market bonds from the firm. Harding contravened his firm's arrangement with its affiliate and circumvented the firm's prohibitions against markups to the affiliate by indirectly selling bonds that contained a markup to the firm's affiliate using third-party broker-dealers as intermediaries. Harding offered the marked-up bonds anonymously through a broker's broker. Harding then informed another broker-dealer that the bonds were

available through the broker's broker and of potential interest to the firm's affiliate. The other broker-dealer then purchased the bonds and sold them, with another markup, to the firm's affiliate. In total, the firm's affiliate paid $918,476 in aggregate markups and other fees to the firm and third-party broker-dealers that it would not have paid had Harding sold them directly to the affiliate in the agreed-upon manner. After discovering the transactions, the firm permitted Harding to resign and reimbursed its affiliate $918,476, obtaining contribution from Harding for a portion of that amount.

The suspension is in effect from June 5, 2023, through June 4, 2024. **(FINRA Case #2021072487001)**

Bryan Sproul (CRD #6087064, San Angelo, Texas)
May 16, 2023 – An AWC was issued in which Sproul was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Sproul consented to the sanctions and to the entry of findings that he borrowed a total of $14,000 from one of his customers without notice to, or prior approval from, his member firm. The findings stated that the customer, who was also a friend of Sproul, disclosed the loan to another firm representative, who reported it to the firm. The firm raised the matter with Sproul and terminated him. Sproul subsequently repaid the loan, with interest.

The suspension was in effect from June 5, 2023, through July 4, 2023. **(FINRA Case #2022076079801)**

Brian Edward Reilly (CRD #1175190, Tewksbury Twp, New Jersey)
May 18, 2023 – An AWC was issued in which Reilly was fined $5,000 and suspended from association with any FINRA member in all capacities for 20 days. Without admitting or denying the findings, Reilly consented to the sanctions and to the entry of findings that he misrepresented on a telephone call to a financial services company that he was his customer. The findings stated that Reilly's customer wanted to surrender her variable annuity. Reilly placed three telephone calls to the annuity provider for the purpose of requesting a blank annuity surrender form. Reilly and the customer had a three-way telephone call with the annuity provider. Reilly and the customer, however, were unable to reach the correct department to request the form. Later that day, Reilly called the annuity provider again, without the customer. On the call between Reilly and the annuity provider, Reilly identified himself as the customer and gave the annuity provider the customer's date of birth, social security number, and account beneficiary information to convince the annuity provider that he was the customer. Reilly then asked the annuity provider to send a blank annuity surrender form to the customer's email address on file. The annuity provider ended

the call and did not send the annuity surrender form. Reilly then called the annuity provider a third time, with the customer on the line, to request a blank annuity surrender form. The annuity provider alerted Reilly's member firm that Reilly had misrepresented during the second telephone call that he was the customer. The firm confronted Reilly about the phone call during its internal review. By denying that he had misrepresented to the annuity provider that he was his customer, Reilly failed to provide true and non-misleading information to his firm.

The suspension was in effect from June 20, 2023, through July 9, 2023. **(FINRA Case #2021072740101)**

Thomas John Tedeschi (CRD #2379704, Miller Place, New York)
May 18, 2023 – An AWC was issued in which Tedeschi 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, Tedeschi consented to the sanctions and to the entry of findings that he failed to amend his Form U4 to disclose that he had been charged with two felonies. The findings stated that Tedeschi was arrested and charged in Nassau County, New York with Criminal Sale of a Controlled Substance in the Third Degree, and Criminal Possession of a Controlled Substance in the Third Degree, both Class B felonies. Tedeschi ultimately pled guilty to a reduced misdemeanor charge of criminal possession of a controlled substance. Tedeschi was aware that he had been charged with two felonies and he discussed the charges with supervisors at his member firm. However, Tedeschi did not timely amend his Form U4 to disclose the charges, as he was required to do. Indeed, Tedeschi never disclosed the felony charges on his Form U4 prior to his resignation from the firm.

The suspension is in effect from June 5, 2023, through September 4, 2023. **(FINRA Case #2021071925001)**

Mark Allen Brewer (CRD #2110659, Riverside, California)
May 19, 2023 – An AWC was issued in which Brewer was fined $5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Brewer consented to the sanctions and to the entry of findings that he asked a customer to designate his friend as a beneficiary of the customer's accounts. The findings stated that after the customer's spouse passed away, she informed Brewer, whom she considered a friend, that she wanted to designate him as a beneficiary of her accounts. Brewer then requested that his member firm approve his request to be named as beneficiary of the customer's accounts. The firm denied that request because it prohibits representatives from being named as a beneficiary of any customer account unless the customer is an immediate family member. The customer again asked if she could change her beneficiary designations to name Brewer as beneficiary of her accounts, which

Brewer declined. Instead, after discussing other options, Brewer suggested that the customer submit two applications changing the beneficiary designations of the customer's accounts to an individual who was a family friend of Brewer, but who had no connection to or relationship with the customer. The customer agreed and Brewer submitted the requests to the firm. Brewer did not disclose to the firm that the individual the customer had named as beneficiary of her accounts was Brewer's friend. The firm approved the customer's beneficiary change requests. The customer removed Brewer's friend as beneficiary of her firm accounts after the firm contacted her about the beneficiary designation.

The suspension is in effect from June 20, 2023, through August 3, 2023. **(FINRA Case #2022074661401)**

Lizbeth Saavedra (CRD #6785677, Sunrise, Florida)
May 22, 2023 – An AWC was issued in which Saavedra was suspended from association with any FINRA member in all capacities for 60 days. In light of Saavedra's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Saavedra consented to the sanction and to the entry of findings that she participated in a private securities transaction without providing prior written notice to, or obtaining written approval from, her member firm. The findings stated that Saavedra entered into a merchant cash advance agreement with a merchant cash advance company. Saavedra's agreement with the company, which provided she would receive a monthly payment of $800 in return for her $8,000 investment, was a security. Saavedra did not make the investment through the firm and did not provide it with written notice of her investment before signing the agreement with the company. Saavedra also falsely attested on the firm's annual compliance questionnaire that she had not participated in any private securities transactions that had not been approved by the firm. The findings also stated that Saavedra engaged in two OBAs without providing prior written notice to the firm. Saavedra worked as an administrative assistant for representatives of, and later directly for, the merchant cash advance company, earning approximately $30,000 in compensation. Saavedra did not disclose her work for the company to the firm until over six months after initially starting. Saavedra also created and registered a limited liability company, filed a corporate amendment naming herself as the company's manager and opened a business bank account in its name. Saavedra never disclosed her creation of the limited liability company to the firm. In addition, Saavedra falsely attested on a firm annual compliance questionnaire that she had not engaged in any undisclosed OBAs.

The suspension is in effect from June 5, 2023, through August 3, 2023. **(FINRA Case #2021072383703)**

Matthew Eric Platnico (CRD #2102086, St. Louis, Missouri)
May 23, 2023 – An AWC was issued in which Platnico was fined $10,000 and suspended from association with any FINRA member in all capacities for nine months. Platnico was not required to pay restitution because the customer settled with his member firm an arbitration claim related to the conduct at issue in this AWC. Without admitting or denying the findings, Platnico consented to the sanctions and to the entry of findings that he engaged in unauthorized and unsuitable trading in a customer account. The findings stated that Platnico recommended a high-risk options trading strategy in a joint account held by the customer and her late husband. Platnico communicated about that strategy regularly with the customer's husband. Following the death of the customer's husband, however, the customer and Platnico spoke by telephone once, and he continued to execute the trading strategy in the account. Platnico did not contact the customer before placing the options transactions at issue, nor did he have discretionary trading authority in the customer's account. In addition, although Platnico occasionally called the customer's son to discuss the options trading strategy employed in the customer's account, he never obtained written trading authorization from the client for her son to direct the trading in the account. Moreover, Platnico did not conduct reasonable diligence to confirm that the options strategy continued to be suitable for the customer's investment profile. In fact, it was not, given that the strategy involved a substantial risk of loss, the customer was retired, had limited investment knowledge and experience, and the customer had only a moderate risk tolerance. Platnico placed at least 100 unsuitable and unauthorized options trades in the customer's account, which caused her to suffer substantial losses.

The suspension is in effect from June 5, 2023, through March 4, 2024. **(FINRA Case #2020067385401)**

Rande Scott Aaronson (CRD #1758915, Somerville, New Jersey)
May 30, 2023 – An AWC was issued in which Aaronson was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in any principal capacity for one month. Without admitting or denying the findings, Aaronson consented to the sanctions and to the entry of findings that he failed to reasonably supervise sales of illiquid oil and gas limited partnerships to ensure that the sales were suitable for customers given their investment profiles, as required by FINRA Rule 2111 and his member firm's policies and WSPs. The findings stated that Aaronson did not conduct a reasonable analysis of the suitability of the sales of two illiquid limited partnerships, even when he reviewed sales to senior customers and/or sales within 30 days of a customer's risk tolerance increase. Aaronson was aware of, but failed to reasonably investigate and respond to, red flags of potentially unsuitable sales of the limited partnerships to certain senior customers. Aaronson was also aware of changes to customer risk tolerances around the time of sales

of the limited partnerships. Importantly, an increase in risk tolerance could be necessary for a customer to purchase the limited partnerships under the firm's sales parameters or necessary to enable the customer to purchase an increased amount of the limited partnerships. Nevertheless, Aaronson did not reasonably investigate certain customer risk tolerance increases as a red flag that required additional scrutiny.

The suspension was in effect from June 5, 2023, through July 4, 2023. **(FINRA Case #2019063686204)**

Complaint 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.

Sidney Lebental (CRD #5543658, New York, New York)
May 23, 2023 – Lebental was named a respondent in a FINRA complaint alleging that he engaged in 523 instances of "spoofing," a type of fraudulent trading that involves the use of non–bona fide orders to induce executions of bona fide orders entered on the opposite side of the market in the same security or a correlated product. The complaint further alleges Lebental engaged in spoofing while trading as a market maker in U.S. Treasury Bonds and supervising the U.S. Treasury desk of his FINRA member firm. In each instance, Lebental entered a large, fully displayed non–bona fide order to purchase or sell the 30-year U.S. Treasury Bond (30-year Bond). At the time he entered the non–bona fide order, Lebental already had a bona fide order on the opposite side of the market in either the 30-year Bond or the correlated Ultra Treasury Bond future. The non–bona fide order created a false appearance of market depth and activity so that Lebental's bona fide order would receive favorable executions at better prices. Specifically, market participants on the other side of the spread from his bona fide order responded by crossing the spread and executing at his price, or if the spread had moved as a result, Lebental sometimes got an even better price. In each of the 523 instances, after receiving executions of his bona fide order, Lebental cancelled the non–bona fide order within three seconds of entry. In 370 of these instances, Lebental cancelled his non–bona fide order within one second of entry. The complaint further alleges that Lebental acted with scienter in each of the 523 instances by entering orders with the intent to cancel them before execution to intentionally, or at least recklessly, create an artificial imbalance in the stack and induce executions of his opposite-side bona fide orders. The complaint

also alleges that Lebental did not have reasonable cause to believe that the quotations resulting from his orders in a 30-year U.S. Treasury Bond were bona fide, were not fictitious and were not published or circulated or caused to be published or circulated for any fraudulent, deceptive, or manipulative purpose. In addition, the complaint alleges that by placing and immediately cancelling large, fully displayed non–bona fide orders in the 30-year Bond, Lebental injected false information into the marketplace, which induced executions of his orders on the opposite side of the market in the 30-year Bond or a correlated Ultra Treasury Bond future, and thereby acted in bad faith and unethically. **(FINRA Case #2019063152202)**

Firms Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552

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

Briarcliffe Credit Partners, LLC (CRD #313453)
New York, New York
(May 12, 2023 – June 13, 2023)

Leste USA, LLC (CRD #301289)
Miami, Florida
(May 26, 2023 – June 20,2023)

Pension Fund Evaluations, Inc. (CRD #10985)
Centereach, New York
(May 12, 2023)

Salomon Whitney LLC dba SW Financial (CRD #145012)
Melville, New York
(May 12, 2023)

Stormharbour Securities LP (CRD #35997)
New York, New York
(May 12, 2023)

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.)

Shane Edward Perry (CRD #2163879)
Pismo Beach, California
(May 24, 2023)
FINRA Case #2020067611801

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.)

Michael John Cutrone (CRD #7120143)
Edgewater, New Jersey
(May 25, 2023)
FINRA Case #2022077427901

Ronald Diaz (CRD #5283407)
Oro Valley, Arizona
(May 10, 2023)
FINRA Case #2022076966601

Mulan Tashay Greenway (CRD #7234497)
Houston, Texas
(May 10, 2023)
FINRA Case #2022075171901

David Jeffrey Morris (CRD #2522277)
Chicago, Illinois
(May 3, 2023)
FINRA Case #2022076282101

Josette Nicole Santos (CRD #6908112)
Olympia, Washington
(May 9, 2023)
FINRA Case #2022077140001

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.)

Michael Adinovich (CRD #2292310)
Grand Rapids, Michigan
(May 15, 2023)
FINRA Case #2022074000701

Steve Allen Moise (CRD #4995443)
Bayside, New York
(February 24, 2023 – May 11, 2023)
FINRA Case #2022073708201

Karla Ranger Moons (CRD #1228425)
Mobile, Alabama
(May 8, 2023)
FINRA Case #2022075810901

Kyle Steibel (CRD #6631554)
Columbia, Illinois
(May 1, 2023)
FINRA Case #2022074241501

Joseph Paul Todaro (CRD #5708585)
Commack, New York
(May 11, 2023)
FINRA Case #2022073679001

Jin Zhu (CRD #6527492)
Blacklick, Ohio
(May 1, 2023)
FINRA Case #2022075829201

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.)

Michael Miller Boring (CRD #5792239)
Mount Joy, Pennsylvania
(May 10, 2023)
FINRA Arbitration Case #22-02455

Conway Kirk Donaldson (CRD #2866816)
Fair Haven, New Jersey
(November 21, 2012 – May 1, 2023)
FINRA Arbitration Case #10-04746

Bridget A. Fernandez (CRD #4171289)
Conshohocken, Pennsylvania
(March 20, 2023 – May 16, 2023)
FINRA Arbitration Case #18-02342

Christopher Alexander Polinaire (CRD #4330879)
Commack, New York
(May 25, 2023)
FINRA Case #2023078516101

Tariq Muhammed Sales (CRD #2851440)
Peekskill, New York
(May 31, 2023)
FINRA Arbitration Case #22-02318

Troy William West (CRD #5471935)
Montrose, Colorado
(March 16, 2017 – May 1, 2023)
FINRA Arbitration Case #15-02946

FINRA Expels SW Financial, Suspends Owner and CEO

Firm Made Misrepresentations to Customers and Violated Reg BI as well as FINRA's Suitability and Supervision Rules

FINRA has **expelled** broker-dealer **SW Financial** for multiple violations, including making misrepresentations to customers in its sales of private placement offerings of pre-initial public offering (pre-IPO) securities, churning customer accounts, and failing to supervise its representatives.

In a related settlement, FINRA **suspended** the firm's **co-owner and CEO, Thomas Diamante**, for nine months in all capacities followed by a three-month suspension in all principal capacities, fined him $50,000, and required him to requalify by examination if he seeks to register with FINRA as a general securities principal or investment banking representative in the future.

"The serious misconduct in this case exposed customers to significant risk of harm and necessitated expulsion of SW Financial from FINRA membership," said Christopher J. Kelly, Senior Vice President and Acting Head of FINRA's Department of Enforcement. "Firms cannot make material misstatements or omissions when they sell securities to customers. Firms also must reasonably surveil for, and respond to, red flags of excessive trading and churning. When firms, particularly those with significant disciplinary histories, commit egregious sales practice and supervisory violations, expulsion from FINRA membership may be warranted."

FINRA found that between January 2018 and December 2021, Diamante and SW Financial made material misrepresentations and omitted material information in connection with the sale of private placement offerings of pre-IPO securities in violation of both FINRA rules and the Disclosure Obligation of Regulation Best Interest (Reg BI). Reg BI's Disclosure Obligation requires broker-dealers and associated persons to provide retail customers with full and fair written disclosure, prior to or at the time of a recommendation, of all material facts relating to conflicts of interest associated with the recommendation.

SW Financial informed potential investors that it would receive only a 10 percent sales commission in connection with its sale of certain pre-IPO securities when, in fact, Diamante had entered into an undisclosed agreement with the issuer under which SW Financial would receive an additional 5 percent in selling compensation and half of any carried interest (i.e., a share of profits payable to the issuer's investment manager). In total, SW Financial sold the private offerings to 171 investors, including 163 retail customers, and the firm and its owners received approximately $2 million in undisclosed compensation —a serious potential conflict of interest that could have influenced SW Financial's recommendations and should have been fully disclosed.

Diamante and SW Financial also failed to conduct reasonable due diligence on the private offerings and did not confirm that the issuer actually held or had access to the shares it purported to sell. As a result, SW Financial had no reasonable basis to recommend the offerings to customers, in violation of both FINRA's suitability rule and Reg BI's Care Obligation, which requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, understand the potential risks, rewards, and costs associated with a recommendation, and have a reasonable basis to believe that the recommendation could be in the best interest of at least some retail customers.

FINRA also found that between January 2016 and May 2019, SW Financial, acting through two former representatives, churned nine customer accounts, causing the customers to incur more than $350,000 in total trading costs and realized losses of more than $465,000. In one instance, a retired, 75-year-old customer whose account was excessively traded had a cost-to-equity ratio (or break-even point) of more than 103 percent, paid $101,806 in commissions, and incurred realized losses of $131,979, which comprised most of his retirement savings. SW Financial failed to reasonably follow up on red flags of the excessive trading in this customer's—and other customers'—accounts.

In settling these matters, SW Financial and Diamante accepted and consented to the entry of FINRA's findings without admitting or denying them.

Diamante's suspension in all capacities is in effect from May 15, 2023, through February 14, 2024, and his all-principal capacity suspension will be in effect from February 15, 2024, through May 14, 2024.