

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

NatAlliance Securities, LLC ([CRD #39455](#), Austin, Texas) and Jason Adams ([CRD #2690575](#), Boulder, Colorado)

March 27, 2023 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$40,000, and required to remediate the issues identified in this AWC and implement a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rule 4511. Adams was fined \$5,000, suspended from association with any FINRA member in any principal capacity for two months, and required to attend and satisfactorily complete 20 hours of continuing education concerning supervisory responsibilities. Without admitting or denying the findings, the firm and Adams consented to the sanctions and to the entry of findings that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to review its traders' bond marks to ensure accurate books and records. The findings stated that the firm required all traders to mark to market each bond in their trading book on a daily basis, but did not have a reasonably designed system in place to supervise that process. The firm generally relied solely on its traders to determine the current fair market value of their bond inventory; it failed to conduct any systematic review of the accuracy of its traders' end-of-day valuations and had no supervisory reviews to identify instances in which marks had not been updated for extended periods. Subsequently, the firm discovered that a proprietary corporate bond trader mismarked bonds and caused inaccuracies in the firm's books and records. Shortly thereafter, the firm enhanced its supervision of traders' marks, including implementing a price discrepancy report that flags when a trader's marks deviate from a pricing service quotation by certain thresholds. However, the firm's supervisory system, including written procedures, continues to not be reasonably designed because firm procedures do not explicitly require traders to review marks daily, even though the marks are used for accounting and regulatory reporting purposes. In addition, the firm's procedures do not require supervisory reviews to be conducted at reasonable intervals, describe with any specificity the process for supervisory review, or describe how to document supervisory reviews. The findings also stated that the firm maintained inaccurate books and records as a result of the trader's mismarking. The trader recorded inaccurate daily marks on corporate bonds in his trading book, primarily by failing to update marks for weeks or even months at a time, thereby overstating the value of his portfolio ultimately by more than \$2.6 million. By virtue of the trader's mismarking, the firm failed to make and keep accurate books and records of the

Reported for May 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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Visit www.finra.org/disciplinaryactions to search for cases using key words or phrases, specified date ranges or other criteria.

firm's net capital and filed inaccurate monthly Financial and Operational Combined Uniform Single (FOCUS) reports. Although the firm did not fall below its required minimum net capital, the firm's inaccurate monthly FOCUS reports overstated its net capital. The findings also included that Adams failed to reasonably supervise the trader by not responding reasonably to red flags. Adams was the trader's direct supervisor and was responsible for reviewing his profit and loss. During the trader's employment at the firm, Adams verbally and in writing instructed the trader to mark to market his bonds on a daily basis. Adams was aware of, but did not respond reasonably to, red flags that the trader was mismarking bonds by not appropriately updating his marks. On several occasions, Adams identified discrepancies between the trader's marks and market prices. Adams instructed the trader to value his inventory positions accurately but did not follow-up to verify whether he had updated his marks, did not escalate to anyone else in management that the trader's marks appeared to be inaccurate, and did not promptly take any disciplinary action against the trader.

The suspension is in effect from April 17, 2023, through June 16, 2023. ([FINRA Case #2020068495402](#))

Firms Fined

Lighthouse Capital Group, LLC (CRD #169135, Pasadena, California)

March 1, 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 did not establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to ensure that it did not engage in general solicitations of private placements. The findings stated that the firm raised approximately \$273 million in capital for issuers from selling private placements in reliance on Rule 506(b) of Regulation D which provides a safe harbor under Section 4(a)(2) for private offerings of unregistered securities if certain conditions are met. The firm's supervisory system did not consistently monitor and document when it established a substantive relationship with a prospective investor, or to confirm—before a prospective investor was solicited for an offering—that the firm had a substantive relationship with that investor. The firm failed to systematically collect complete information regarding prospective investors and failed to have a reasonable system to determine the date it first developed a substantive relationship with each prospective investor. Accordingly, the firm was not able to always confirm that it had a pre-existing, substantive relationship with a prospective investor prior to soliciting the prospective investor for an offering. As a result, with respect to certain of the actual or prospective investors in some of the offerings, the firm was unable to reasonably supervise the solicitations to ensure that a pre-existing, substantive relationship existed prior to the solicitation

in compliance with applicable rule requirements. Further, the firm's WSPs did not define what constituted general solicitation or give sufficient guidance or instruction to the firm's supervisors about whether, when, or how to review the activities of firm personnel to ensure that general solicitation was not occurring. Subsequently, the firm revised its supervisory systems and written procedures in this area by, among other things, requiring the firm's representatives to consistently obtain and document each potential investor's accreditation, investment experience and goals, and other financial information within the firm's books and records prior to any solicitation being made. ([FINRA Case #2017056516801](#))

Aeon Capital Inc. ([CRD #164004](#), New York, New York)

March 7, 2023 – An AWC was issued in which the firm was censured and fined \$10,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while failing to maintain the required minimum net capital. The findings stated that the firm received a \$150,000 loan from the Small Business Administration through the Economic Injury Disaster Loan (EIDL) program, which the federal government initiated to assist small businesses as a result of the COVID-19 pandemic. Receipt of the EIDL loan increased the firm's aggregate indebtedness and therefore increased the firm's required minimum net capital. However, the firm failed to include the value of the loan when calculating its aggregate indebtedness, which caused the firm to inaccurately calculate its required net capital. As a result, the firm's net capital fell below the required minimum and remained below it for over ten months until the firm added capital. Separately, the firm began selling stock warrants of a biotechnology company it had received as compensation for its participation in a private placement. When the firm effected its eleventh sale of the warrants, this constituted the firm's eleventh transaction for its own investment account which increased the firm's required net capital. The firm, however, did not have the required minimum net capital until five months later, when the firm added capital. The findings also stated that the firm failed to file required notices of its net capital deficiencies with FINRA and the Securities and Exchange Commission (SEC). The findings also included that the firm failed to make and preserve accurate records of aggregate indebtedness and net capital and filed inaccurate FOCUS reports. The firm failed to include the value of the EIDL loan as a liability and when calculating its aggregate indebtedness. This caused the firm to prepare and maintain inaccurate aggregate indebtedness and net capital computations. The firm filed FOCUS reports that inaccurately stated the firm's aggregate indebtedness, minimum required net capital, net capital, and excess net capital. In addition, the firm failed to account for the firm's required net capital increase and filed FOCUS reports that inaccurately stated its minimum required net capital and excess net capital. ([FINRA Case #2021069378801](#))

Transamerica Capital, Inc. ([CRD #8217](#), Denver, Colorado)

March 8, 2023 – An AWC was issued in which the firm was censured and fined \$500,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to register, or timely register, more than 400 call center personnel who engaged in securities business on the firm's behalf in capacities that required registration. The findings stated that the firm used a contracted, third-party vendor to administer the call centers relating to variable products and other insurance products issued by the firm's affiliates to handle calls and requests from variable product policy holders who had transaction requests related to securities. These securities transaction requests included customer orders for investment of additional premiums, reallocations of contract value among subaccounts, and withdrawals of contract value. These call center personnel handling transaction requests related to securities were associated persons of the firm, and thus required to be registered in the category of registration appropriate to his or her functions. Although the firm determined to register certain of the call center personnel and had advised FINRA of that fact, the firm failed to register, or timely register, these individuals before they engaged in conduct requiring registration. The firm later made changes to the call centers with regard to the handling of policy holder requests relating to variable products, had approximately 175 individuals registered with the firm who handled policy holder requests relating to variable products, and established policies, procedures, and systems prohibiting call center personnel who were not registered from addressing transaction requests involving variable products. ([FINRA Case #2020068071402](#))

SageTrader, LLC ([CRD #137862](#), Englewood, New Jersey)

March 9, 2023 – An AWC was issued in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it mismarked approximately 9.7 million principal short sell orders that resulted in approximately 390,000 executions being marked as long. The findings stated that the firm began effecting customer short sale orders on a net basis. The firm mismarked its principal short sales as long in connection with its handling of net trades because it incorrectly believed that the receipt of its customer sell order created an unconditional contract for the firm to purchase the securities from the customer and the firm was, therefore, deemed to own the securities. However, the firm had not entered into an unconditional contract with its customer because it would only purchase the subject securities from that customer if it was able to sell those securities to another broker-dealer. Subsequently, the firm began marking its principal sales as short. The findings also stated that the firm failed to locate shares available for borrowing for principal short sales. As a result of mismarking its principal sell orders as long, the firm effected approximately 390,000 short sales without obtaining a locate. When the firm started marking its principal sales as short, it also began uploading easy to borrow lists (ETBLs) to its smart order router (SOR) to comply with Regulation SHO of the

Securities and Exchange Act of 1934's locate requirement. The firm, however, failed to program the SOR to prevent the routing of short sale orders for securities that were not on the ETBLs. The firm failed to obtain locates for approximately 100,000 principal short sales. The firm later discovered this programming error and imposed a block on its SOR for non-ETBL securities. The findings also included that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Regulation SHO's order marking and locate requirements. The firm did not conduct any supervisory reviews and had no WSPs addressing order marking or locates for principal short sales. Ultimately, the firm amended its WSPs to require periodic "spot checks" of principal orders and executions to ensure that the firm's SOR was properly marking principal sales as short and that securities sold short were on the ETBL. However, the amended WSPs failed to provide reasonable guidance as to when and how to conduct the referenced spot checks and were not reasonably designed to achieve compliance with Regulation SHO's order marking and locate requirements. ([FINRA Case #2018057956001](#))

Hornor, Townsend & Kent, LLC ([CRD #4031](#), Horsham, Pennsylvania)

March 21, 2023 – An AWC was issued in which the firm was censured and fined \$180,000. 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's disclosed, but unapproved, outside business activity (OBA) involving the sale of a security described as a structured cash flow investment. The findings stated that the registered representative submitted an OBA request for approval to sell interests in the security. Under the firm's WSPs, the firm's Home Office Supervision was responsible for final approval or disapproval of OBA requests and for notifying the representative and the representative's supervisor of its decision. The registered representative's supervisor reviewed his OBA request and recommended that Home Office Supervision approve the OBA. The supervisor recorded this recommendation in the firm's systems. However, Home Office Supervision did not review the OBA request until nearly seven months after the registered representative submitted the request, and subsequently informed the registered representative's supervisor that the OBA request would not be approved. Although Home Office Supervision recorded the disapproval in the firm's systems, no one at the firm ever communicated this decision to the registered representative. The registered representative's OBA request placed the firm on notice that he planned to commence selling the security at a firm branch office. Nonetheless, the firm did not reasonably supervise the registered representative or his firm branch office. Had the firm conducted reasonable supervision, it would have learned that the registered representative was using firm resources to sell the security to firm customers, including his firm email account, and his assigned sales assistant. As a result, the firm failed to detect the registered representative's sales of the security. In total, the registered representative sold over \$7 million in the security to investors. ([FINRA Case #2018059743301](#))

Newbridge Securities Corporation ([CRD #104065](#), Boca Raton, Florida)

March 27, 2023 – An AWC was issued in which the firm was censured, fined \$50,000, ordered to pay \$114,025.24, plus interest, in restitution to customers, and required to remediate the issues identified in this AWC and implement a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA 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 representatives' recommendations of an alternative mutual fund. The findings stated that the firm permitted the sale of an alternative mutual fund on its platform without conducting reasonable due diligence and without a sufficient understanding of its risks and features, including the fact that the fund pursued a risky strategy that relied, in part, on purchasing uncovered options. The findings also stated that the firm lacked a reasonable supervisory system to review representatives' alternative mutual fund recommendations. The firm had no system or procedures to determine whether a new mutual fund constituted a "complex product" or was an alternative mutual fund, such that heightened due diligence of the product may be appropriate. Rather, in reviewing and approving new alternative mutual funds, the firm subjected them to the same standards as traditional mutual funds, which did not evaluate the potential risks and rewards associated with the strategy of the funds. The firm relied solely on the due diligence conducted by the clearing firm to approve mutual funds on the clearing firm platform and did not conduct any independent due diligence of the alternative mutual fund. The firm also did not provide adequate guidance or training to representatives regarding the risks and features of alternative mutual funds and did not have WSPs advising firm principals how to supervise recommendations of alternative mutual funds. In addition, the firm utilized an electronic trade review system to assess the suitability of mutual fund transactions. However, the firm failed to consider whether the rules of the review system pertaining to traditional mutual funds were reasonable to review alternative mutual funds, or whether to modify the rules to address particular risks and characteristics of alternative mutual funds. As a result, the firm's alternative mutual fund transactions were approved via the trade system's auto-approval function and without a principal reviewing them for suitability. As the alternative mutual fund was a publicly offered fund, the firm did not review its investment and trading strategy as part of a new product approval process, and the firm similarly did not impose any limitations on its sale. Firm representatives sold approximately \$323,000 in shares of the alternative mutual fund to customers. During an extreme volatility event, the alternative mutual fund lost about 80 percent of its value and ultimately liquidated and dissolved, resulting in thousands of dollars in losses for the firm's customers. ([FINRA Case #2019061764901](#))

Baker Tilly Capital, LLC ([CRD #115333](#), Madison, Wisconsin)

March 29, 2023 – An AWC was issued in which the firm was censured and fined \$90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Exchange Act Rule 10b-9 and FINRA Rule 2010 by permitting material changes to the terms of two related private placement offerings (the offerings) without terminating the offerings and returning funds to investors. The findings stated that the original private placement memorandum (PPM) for the offerings stated that a closing would not occur until the offerings met a minimum contingency of \$16 million in investor subscriptions. However, the issuer amended the PPM to state that an initial closing of approximately \$6 million would take place later that month. The issuer conducted the closing so that certain investors would not lose the tax benefits of their investment. In addition, amendments to the PPM provided for the first time that, in addition to investor subscriptions, alternative funding sources obtained by the manager of the offerings could count toward the minimum contingency amount. The alternative funding could include deferred developer fees, a construction loan, and other sources not involving investor subscriptions. Since these were material changes to the terms of the offerings, the firm was required to, but did not, terminate the offerings and return investor funds at that time. Ultimately, the issuer conducted a closing with only \$10.925 million in investor subscriptions, below the required \$16 million minimum contingency. ([FINRA Case #2019063881901](#))

Individuals Barred

Kathleen A. Johansen ([CRD #4408545](#), Bennington, Nebraska)

March 2, 2023 – An AWC was issued in which Johansen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Johansen consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA during the course of an investigation that originated from a Uniform Termination Notice for Securities Industry Registration (Form U5) filed by her former member firm with respect to a separate registered representative. ([FINRA Case #2022074198401](#))

Eric James Stone ([CRD #5227654](#), Saint Augustine, Florida)

March 2, 2023 – An AWC was issued in which Stone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stone consented to the sanction and to the entry of findings that he failed to make a complete production of information and documents and failed to appear for on-the-record testimony requested by FINRA in connection with its investigation originating from a Form U5 filed by his member firm. The findings stated that the Form U5 disclosed that Stone had been discharged because of concerns related to loans he

solicited and obtained from clients. Initially, Stone did not respond by the due date, but belatedly provided a statement that included some of the information sought by FINRA's request. Although Stone later provided additional information, he failed to provide substantially all of the information or any of the documents sought by FINRA, and those materials remain outstanding. ([FINRA Case #2021071861301](#))

Kevin Andrew Hobbs ([CRD #4267482](#), Wellington, Florida)

March 9, 2023 – An AWC was issued in which Hobbs was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hobbs consented to the sanction and to the entry of findings that he provided an inaccurate response to FINRA's request for documents and information in connection with its investigation of allegations that he traded away from his member firm in a customer's third-party brokerage account. The findings stated that FINRA requested Hobbs identify all individuals for whom he had effected a securities transaction in an account other than at his firm. This information was material to FINRA's investigation. Hobbs provided an inaccurate response to FINRA that failed to identify at least one other individual whose account he had traded away from his firm. Hobbs also failed to disclose this information to the firm when he was questioned on this issue in connection with its internal investigation. The findings also stated that Hobbs participated in numerous private securities transactions without prior written disclosure to, or approval from, his firm. ([FINRA Case #2021073069401](#))

Crystal Bing Sum Cho ([CRD #7277415](#), Brooklyn, New York)

March 13, 2023 – An AWC was issued in which Cho was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cho consented to the sanction and to the entry of findings that she refused to produce information and documents requested by FINRA in connection with its investigation into the circumstances giving rise to her member firm's termination of her association with it. ([FINRA Case #2022076437201](#))

David Shane Simmons ([CRD #4655479](#), Jefferson, North Carolina)

March 15, 2023 – An AWC was issued in which Simmons was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Simmons consented to the sanction and to the entry of findings that he refused to produce documents and information and refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into allegations referenced in a Form U5 filed by his member firm that disclosed that Simmons was discharged when he, through counsel, informed the firm that he would not provide a response to the firm's inquiries in connection with an internal investigation. ([FINRA Case #2021072670901](#))

Sukthavy Sisamouthp (CRD #6429670, Honolulu, Hawaii)

March 28, 2023 – An AWC was issued in which Sisamouthp was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sisamouthp consented to the sanction and to the entry of findings that he refused to provide information, documents, and on-the-record testimony requested by FINRA in connection with its investigation of allegations contained in a Form U5 filed by his member firm disclosing that he had been discharged for removing cash from an office of the firm's insurance affiliate. ([FINRA Case #2022075269901](#))

Individuals Suspended

Joseph Louis Menotti (CRD #7089872, Chesterfield, Michigan)

March 6, 2023 – An AWC was issued in which Menotti was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Menotti consented to the sanctions and to the entry of findings that he made reckless misrepresentations to the Michigan Unemployment Insurance Agency in his requests for unemployment benefits. The findings stated that Menotti applied for pandemic unemployment assistance benefits through the agency, despite the fact that he was earning a salary while teleworking. Menotti submitted 18 certifications claiming pandemic unemployment assistance benefits. In each certification, Menotti recklessly misrepresented that he did not work full time during the week he requested benefits. In 17 certifications, Menotti also recklessly misrepresented that he did not “do any type of work” or “have any earnings” during the week he requested benefits. In fact, Menotti was employed full-time by his member firm as a registered representative and received a salary. Based on Menotti's misrepresentations, the Michigan Unemployment Insurance Agency approved Menotti's application for pandemic unemployment assistance benefits. Menotti received more than \$11,000 in pandemic unemployment assistance benefits to which he was not entitled. Menotti has repaid \$1,570 to the Michigan Unemployment Insurance Agency.

The suspension is in effect from March 6, 2023, through December 5, 2023. ([FINRA Case #2022075173701](#))

Kevin Casey (CRD #2294037, Amityville, New York)

March 8, 2023 – An AWC was issued in which Casey was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Casey consented to the sanctions and to the entry of findings that he created, signed, and produced checklists without disclosing to FINRA that he had created the checklists after receiving FINRA's request for

information. The findings stated that FINRA requested that Casey's member firm provide the checklists documenting reviews for a specified period. Casey had not created such checklists during this period. After the firm provided Casey with FINRA's request, he created and signed the checklists reflecting that he had reviewed the surveillance reports on a weekly basis. Casey later produced the checklists to FINRA without disclosing that he had created them after receiving FINRA's requests.

The suspension was in effect from April 3, 2023, through May 2, 2023. ([FINRA Case #2021070649601](#))

Gary Mark Goldberg (CRD #223919, Tuxedo Park, New York)

March 9, 2023 – An AWC was issued in which Goldberg was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in all capacities for 18 months, and ordered to pay \$594,590, plus interest, in deferred restitution to customers. Without admitting or denying the findings, Goldberg consented to the sanctions and to the entry of findings that he made unsuitable recommendations concerning purchases of variable annuities to customers who held both brokerage and advisory accounts. The findings stated that Goldberg recommended that customers who had or were in the process of establishing advisory accounts purchase B-shares of a particular variable annuity in their brokerage accounts while advisory shares of the variable annuity were also available to purchase. The advisory shares provided living and death benefits, sub-account investment options, and other features that were virtually identical to the B-shares, but at a lower cost to customers. Goldberg and his member firm earned a seven percent commission in connection with sales of B-shares of the variable annuity but did not earn any commissions for sales of advisory shares of the variable annuity. In addition, Goldberg recommended that each of the customers transfer the B-shares of the variable annuity from their brokerage account to their advisory account—usually within one business day of the initial purchase of the B-shares. As a result, the customers were required (and continue to be required) to pay annual advisory fees of 1.875 percent, as well as annual fees for the variable annuities that are 0.95 percent higher than if the customers had purchased advisory shares. The customers are also subject to a surrender fee for seven years as a result of purchasing the B-shares. Goldberg's customers who held the B-shares have collectively paid approximately \$594,590 in unnecessary fees as a result of the higher annual fees imposed by the B-shares.

The suspension is in effect from March 20, 2023, through September 19, 2024. ([FINRA Case #2019064776201](#))

Jose Manuel Candelario Padilla ([CRD #4847560](#), San Juan, Puerto Rico)

March 10, 2023 – An AWC was issued in which Candelario Padilla was fined \$2,500, suspended from association with any FINRA member in all capacities for three months, and ordered to pay \$26,422, plus interest, in restitution to customers. Without admitting or denying the findings, Candelario Padilla consented to the sanctions and to the entry of findings that he willfully violated the Care Obligation under Rule 15l-1 of the Exchange Act (Regulation BI or Reg BI) by recommending retail customers purchase leveraged and inverse exchange-traded funds (NT-ETFs) without having a sufficient understanding of the risks and features associated with the products. The findings stated that as a result, Candelario Padilla did not have a reasonable basis to believe that NT-ETFs could be suitable for or in the best interest of any retail customers. At Candelario Padilla's recommendation, customers held NT-ETF positions for periods ranging from 14 to 65 days. These customers suffered net losses from NT-ETF trading of approximately \$26,000.

The suspension is in effect from April 3, 2023, through July 2, 2023. ([FINRA Case #2021071134401](#))

Maria P. Acevez Perez ([CRD #2981386](#), Guadalajara, Mexico)

March 13, 2023 – An AWC was issued in which Acevez Perez was fined \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Acevez Perez consented to the sanctions and to the entry of findings that she failed to timely respond to FINRA requests for information and documents in connection with an investigation relating to, among other things, her disclosed OBA. The findings stated that Acevez Perez made an initial partial production and belatedly produced additional documents but failed to make a complete production until more than five months after an extended due date, and only after FINRA followed up in writing noting the deficiencies in the prior responses. Later FINRA sent Acevez Perez another request for information and documents that contained sixteen additional request items. In response, Acevez Perez produced information and documents responsive to only one of the requests. Subsequently, Acevez Perez made another production, but that production did not respond to the outstanding requests. Acevez Perez belatedly made a complete production approximately two and one-half months after the original extended due date.

The suspension is in effect from April 3, 2023, through October 2, 2023. ([FINRA Case #2020065620601](#))

Brendan Ercole (CRD #6391100, Penfield, New York)

March 13, 2023 – An AWC was issued in which Ercole was fined \$7,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Ercole consented to the sanctions and to the entry of findings that in anticipation of joining another firm, he improperly removed non-public personal customer information from his member firm, without the firm or the customers' knowledge or consent. The findings stated that Ercole downloaded and sent to his personal email address unencrypted documents containing the non-public personal information of over 200 customers, including dates of birth, driver's license numbers, and social security numbers. Further, Ercole saved several different types of firm documents to a drive external to the firm. These documents also contained customer non-public personal information such as dates of birth and social security numbers. Ercole resigned from the firm and joined the new firm that same day. Ercole used the customers' non-public personal information he removed from the firm to populate a separate customer information database for use at his new firm. In addition, prior to resigning from the firm, Ercole also compiled pre-filled new account packets containing non-public personal information to be sent to existing firm customers once he registered with his new firm to transition the customers to the new firm. Ercole then caused these pre-filled forms to be saved on an electronic drive external to the firm's secure system. The pre-filled forms were then disseminated to customers using email or physical mail once Ercole registered with the new firm.

The suspension was in effect from April 3, 2023, through April 21, 2023. ([FINRA Case #2021070765201](#))

Derek John Rehill (CRD #2935032, Valley Stream, New York)

March 20, 2023 – An AWC was issued in which Rehill was suspended from association with any FINRA member in all capacities for two months. In light of Rehill's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Rehill consented to the sanction and to the entry of findings that he prepared inaccurate customer contact notes reflecting telephone calls with customers. The findings stated that Rehill was responsible for periodically calling customers whose accounts his member firm had identified as "actively traded" to confirm, among other things, the investment objective and risk tolerance reflected on the customer's new account form. For each call, Rehill was required to complete a customer contact form which included fields for him to record whether the customer had confirmed his or her investment objective and risk tolerance. Rehill completed customer contact forms that inaccurately stated that customers had confirmed their investment objectives and risk tolerances. Rehill also completed customer contact forms reflecting that customers had confirmed they had a speculative investment

objective when, in fact, the customers had not. Rehill also completed a customer contact form reflecting that a customer had confirmed he had a speculative risk tolerance when he had not asked the customer any questions about his risk tolerance.

The suspension is in effect from April 17, 2023, through June 16, 2023. ([FINRA Case #2020066887202](#))

Jeffrey Lance Prince (CRD #2428655, Westlake Village, California)

March 21, 2023 – An AWC was issued in which Prince was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Prince 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 the firm’s order entry system, causing the firm’s trade confirmations to show an inaccurate representative code. The findings stated that Prince 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 a retired representative. The agreement set forth what percentages of the commissions Prince and the retired representative earned on trades placed using the joint representative code. Although the firm’s system correctly prepopulated the trades with the joint representative code Prince shared with the retired representative pursuant to the joint production agreement, Prince entered the transactions under a different code that he shared with the retired representative. As a result, the firm’s trade confirmations for the trades reflected an inaccurate representative code, and Prince received a higher percentage of commissions than what he was entitled to receive pursuant to the joint production agreement. Prince mistakenly believed that the retired representative had previously agreed that he could change the representative codes so that Prince would receive higher percentages of commissions than what was set forth in the agreement. However, Prince did not do anything to confirm his understanding, such as asking the retired representative whether he could change the representative codes on the trades at issue or speaking with the firm. The firm has since paid restitution of approximately \$17,000 to the retired representative, which is the approximate amount of additional commissions that should have been credited to the retired representative if Prince had not changed the representative code on the trades.

The suspension is in effect from April 17, 2023, through July 16, 2023. ([FINRA Case #2020068820401](#))

Roman Meyerhans (CRD #4587943, Miami, Florida)

March 28, 2023 – An AWC was issued in which Meyerhans was fined \$10,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Meyerhans consented to the sanctions and to the entry of findings that he caused his member firm to maintain incomplete books and records by using an instant messaging application to communicate with firm customers regarding securities-related business. The findings stated that the instant messaging application was not an approved electronic communications channel, so the firm did not capture or maintain Meyerhans' instant messaging application communications. After discovering Meyerhans' use of the instant messaging application to communicate with firm customers, the firm issued a Letter of Education reminding him of the firm's prohibition against using unapproved electronic messaging platforms. Although Meyerhans acknowledged that he had read, understood, and agreed to comply with the terms of the Letter of Education (including the firm's electronic communications policies), for another 19 months he continued to use the instant messaging application to communicate with firm customers regarding securities-related business.

The suspension is in effect from April 17, 2023, through May 16, 2023. ([FINRA Case #2021069375301](#))

Olivier Robert Gillier (CRD #3222378, New York, New York)

March 29, 2023 – An AWC was issued in which Gillier was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Gillier consented to the sanctions and to the entry of findings that he participated in a private securities transaction without providing prior written notice to his member firm. The findings stated that Gillier made a capital contribution of \$300,000 in exchange for Class A membership interests in a limited liability company (LLC) formed for the purpose of purchasing and managing a building in New York. Gillier also facilitated the investments of three individuals, one of whom was a firm customer, who invested a total of more than \$2 million in Class B membership interests in the LLC. The right to manage and control the business of the LLC was vested exclusively in a managing member. Neither Gillier nor the Class B investors had any role in the operation or management of the building. Class A and Class B members expected to share in the potential profits of the LLC according to their membership percentages as defined in the LLC's operating agreement. These Class A and Class B membership interests in the LLC were investment contracts that were securities. Gillier's involvement in the LLC was outside the scope of his employment with the firm, and he did not provide prior written notice to the firm before investing in the LLC or facilitating the investments of the Class B investors. The findings also stated that Gillier falsely certified on the firm's annual compliance attestations that he had not engaged in any private securities transactions that had not been previously disclosed to the firm.

The suspension is in effect from April 3, 2023, through April 2, 2024. ([FINRA Case #2018060034001](#))

Andrew Justin Grant (CRD #2709882, West Hills, New York)

March 29, 2023 – An AWC was issued in which Grant was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Grant consented to the sanctions and to the entry of findings that he exercised discretionary authority in customer accounts without obtaining prior written authorization from the customers and without having the accounts accepted as discretionary accounts by his member firm.

The suspension is in effect from April 17, 2023, through May 16, 2023. ([FINRA Case #2020068113401](#))

Dana H. Davis (CRD #1707708, Centereach, New York)

March 31, 2023 – An AWC was issued in which Davis was suspended from association with any FINRA member in all capacities for 12 months and ordered to pay \$75,000 in deferred partial restitution to customers. In light of Davis' financial status, no monetary fine has been imposed. Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he recommended unsuitable use of margin to effect trades in the accounts of customers who were not experienced or sophisticated investors and did not understand margin. The findings stated that Davis recommended the extensive use of margin in his customers' accounts to leverage additional buying power while charging commissions on both buy and sell transactions. Davis' recommendations to engage in unsuitable trading on margin exposed his customers to significant risk, increased costs, and sizeable losses in their accounts. Davis lacked a reasonable basis to believe that using margin in this way was suitable given the customers' investment objectives, financial situation, and needs. In total, Davis' customers realized trading losses of \$108,016.82 and paid \$150,067.15 in costs, commissions, and margin interest for trades executed on margin in their accounts.

The suspension is in effect from April 3, 2023, through April 2, 2024. ([FINRA Case #2019064511202](#))

Complaints Filed

FINRA issued the following complaint. 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 this complaint is unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Miche D. Jean ([CRD #5918186](#), North Bethesda, Maryland)

March 10, 2023 – Jean was named a respondent in a FINRA complaint alleging that he failed to provide information and documents and appear for on-the-record testimony requested by FINRA as part of its investigation into whether he converted money from his customer through fraudulent automated clearing house (ACH) transfers to pay his personal credit card. ([FINRA Case #2022076975901](#))

BrokerBank Securities, Inc. ([CRD #130116](#), Minnetonka, Minnesota) and Philip Paul Wright ([CRD #2453688](#), Eden Prairie, Minnesota)

March 20, 2023 – The firm and Wright were named respondents in a FINRA complaint alleging that the firm, acting through Wright, permitted an unregistered individual to engage in securities business through the firm by participating in the sale of bonds and preferred shares of a single issuer to the firm's retail customers. The complaint alleges that the unregistered individual engaged in securities business by and through the firm while he was not registered with FINRA in any capacity, and he was permitted to do so by the firm and Wright. The complaint also alleges that the firm and Wright permitted the unregistered individual to associate with the firm while he was statutorily disqualified. The complaint further alleges that the firm, acting through Wright, paid the unregistered individual compensation totaling more than \$100,000 derived from commissions generated by his customers' purchases of the securities through the firm, while the unregistered individual was not registered with FINRA. In addition, the complaint alleges that Wright, as the firm's custodian of records, failed to provide information and documents requested by FINRA in connection with its investigation of all sales of the securities through the firm, including those purchased by the unregistered individual's customers. ([FINRA Case #2022074278301](#))

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

PAS Capital, LLC (CRD #41498)

Fox River Grove, Illinois
(March 2, 2023)

Richfield Orion International, Inc. (CRD #24433)

Castle Rock, Colorado
(March 24, 2023)
FINRA Case #2022073726901

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.)

Albert Foronda (CRD #5737620)

Staten Island, New York
(March 6, 2023)
FINRA Case #2022075768201

Mark Andrew Miranda (CRD #2793426)

Vineland, New Jersey
(March 3, 2023)
FINRA Case #2021073013101

Yvonne Nguyen (CRD #6861368)

San Jose, California
(March 20, 2023)
FINRA Case #2022075045001

Alexandra Smith (CRD #6584319)

St. Petersburg, Florida
(March 27, 2023)
FINRA Case #2021072535402

Kenneth Eugene Wade (CRD #5331252)

Kyle, Texas
(March 24, 2023)
FINRA Case #2022075835801

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 John Cutrone (CRD #7120143)

Edgewater, New Jersey
(March 20, 2023)
FINRA Case #2022077427901

Ronald Diaz (CRD #5283407)

Oro Valley, Arizona
(March 3, 2023)
FINRA Case #2022076966601

Mulan Tashay Greenway (CRD #7234497)

Houston, Texas
(March 3, 2023)
FINRA Case #2022075171901

Joshua Brandon Lovings (CRD #7142691)

Alton, Illinois
(March 27, 2023)
FINRA Case #2022074958001

Josette Nicole Santos (CRD #6908112)

Olympia, Washington
(March 2, 2023)
FINRA Case #2022077140001

Harold David Stephenson
(CRD #1056942)
Walnut Creek, California
(March 31, 2023)
FINRA Case #2022075483101

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.)

Damian Mark Baird (CRD #3097243)
Clarence Center, New York
(March 20, 2023)
FINRA Arbitration Case #20-02339

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

Rajesh Gupta (CRD #2071729)
Naperville, Illinois
(June 9, 2020 – March 3, 2023)
FINRA Arbitration Case #17-02177

Donald Lee Smith (CRD #1134141)
Erie, Pennsylvania
(March 27, 2023)
FINRA Arbitration Case #20-01072

Brian M. Wurdemann (CRD #4206425)
Chatham, New Jersey
(March 27, 2023)
FINRA Arbitration Case #22-01681

FINRA Fines Webull \$3 Million for Options Customer Approval Violations

Firm Also Failed to Maintain Supervisory System, Report Customer Complaints

FINRA announced that it has fined [Webull Financial LLC](#) \$3 million for not exercising reasonable due diligence before it approved customers for options trading; not maintaining a supervisory system reasonably designed to identify and respond to customer complaints; and not reporting certain written customer complaints to FINRA as required.

FINRA found that between December 2019 (when Webull first offered options trading to customers) and July 2021, the firm did not exercise reasonable due diligence before approving customers for options trading. During this period, the firm employed an automated system to review customer applications for options trading, but the system failed to compare new applications with information previously provided by the customer. This led to Webull's approval of customers for options trading who did not satisfy the firm's eligibility criteria, or whose accounts contained red flags that options trading was potentially inappropriate for them. For example, the firm approved more than 2,500 customers under the age of 21 to trade options spreads, even though the firm's eligibility criteria required customers have at least three years of options trading experience before being approved for that trading level.

In addition, due to program errors in the firm's automated systems, the firm mistakenly approved 9,000 accounts for options trading even though those customers stated that they did not have any investment experience — an acknowledgement that should have made the customers ineligible to trade options under the firm's eligibility criteria.

FINRA separately found that from May 2018 through December 2021, Webull's supervisory system created to identify and respond to customer complaints was not reasonably designed. Among other things, the firm failed to commit the staff and other resources necessary to keep pace with the hundreds of thousands of customer communications it received, which included complaints. The firm also did not report certain written customer complaints to FINRA, as required, including complaints that involved allegations of theft or misappropriation.

"The obligations on all FINRA member firms are clear, regardless of their size, rapid growth, or business model," said Christopher J. Kelly, Senior Vice President and Acting Head of FINRA's Department of Enforcement. "Before they approve customers for options trading, firms must establish systems and procedures that identify essential facts about their customers' trading knowledge and experience. Firms must

also commit the resources necessary to address customer complaints and report those complaints to FINRA when required.”

FINRA reminded firms of their obligation to determine whether to approve customers to trade options in [Regulatory Notice 21-15](#). In addition, FINRA announced a targeted examination regarding firms’ supervision and approval of options accounts in August 2021, and published an update on that targeted examination, including preliminary findings, in November 2022. FINRA has included information regarding firms’ obligations to report customer complaints as a topic in its Reports on FINRA’s Examination and Risk Monitoring Program for [2021](#), [2022](#), and [2023](#).

In settling [this matter](#), Webull consented to the entry of FINRA’s findings, without admitting or denying the charges.