

# Disciplinary and Other FINRA Actions

## Firm Expelled

Reuven Enterprises Securities Division, LLC ([CRD® #140910](#), New York, New York) submitted an Acceptance, Waiver and Consent (AWC) in which the firm was expelled from FINRA® membership. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that, in 46 pairs of transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and Municipal Securities Rulemaking Board (MSRB) rules, concerning fair pricing requirements. ([FINRA Case #2010021251201](#))

## Firm Expelled, Individual Sanctioned

NSM Securities, Inc. ([CRD #134357](#), West Palm Beach, Florida) and Niyukt Raghu Bhasin ([CRD #2282048](#), Wellington, Florida) submitted an Offer of Settlement in which the firm was expelled from FINRA membership. Bhasin was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, the firm and Bhasin consented to the sanctions and to the entry of findings that the firm, acting through and at the direction of its founder, owner, President and Chief Executive Officer (CEO) Bhasin, derived most of its revenue from actively and aggressively trading stocks in the commission-based accounts of its retail customers. The findings stated that Bhasin prioritized his firm's profits over the duties owed to its customers and chose not to establish, maintain and enforce a supervisory system tailored to the firm's business. Instead, Bhasin fostered a culture of non-compliance that resulted in widespread sales practice violations, numerous customer complaints, related reporting violations and cold-calling abuses. The firm, through Bhasin, failed to establish, maintain and enforce a system, including written supervisory procedures (WSPs), to supervise its core activity, an active and aggressive investment strategy. The firm, through

## Reported for November 2014

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).

Bhasin, failed to monitor for, detect and prevent churning, excessive trading, related violations of Regulation T, and unsuitable investment recommendations, and failed to adequately review electronic correspondence, adequately handle customer complaints, and place certain brokers who were the subjects of multiple customer complaints and arbitrations on heightened supervision. The firm's culture of non-compliance that Bhasin fostered harmed the firm's customers, as the lax to non-existent oversight of its brokers resulted in significant sales practice abuses. As a result, the firm willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

The findings also stated that in implementing Bhasin's active and aggressive trading strategy, and in order to generate commissions, the firm committed multiple violations of Regulation T and the related NASD®/FINRA rules governing the extension of credit. Specifically, the firm, acting through its brokers, made a practice of allowing customers to buy securities in cash accounts where the cost to buy the securities was met by the sale of the same securities, known as free-riding. The findings also included that the firm's active and aggressive trading strategy, as developed and instituted by Bhasin, led to numerous customer complaints. The firm, through Bhasin, failed to report and failed to timely report customer complaints to FINRA, and failed to disclose and/or timely disclose material facts on its brokers' Uniform Applications for Securities Industry Registration or Transfer (Forms U4) or Uniform Termination Notices for Securities Industry Registration (Forms U5).

FINRA found that Bhasin willfully failed to disclose material facts or information on his own Form U4, and willfully filed false and misleading amendments to his Form U4. The firm, through Bhasin, also filed an untimely and inaccurate Form U5 for its former chief compliance officer (CCO). FINRA also found that the firm, through Bhasin, failed to institute adequate procedures for cold-calling prospective customers. As a result, the firm, through its brokers and other representatives, initiated telephone solicitations to persons whose numbers were on the firm's do-not-call list and/or the national do-not-call list. ([FINRA Case #2011027667402](#))

### Firms Fined

**Alpine Securities Corporation** ([CRD #14952](#), Salt Lake City, Utah) submitted an AWC in which the firm was censured, fined \$20,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it erroneously disclosed on customer confirmations that transactions were executed at average prices. The findings stated that the firm transmitted reports to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete or improperly formatted data. The reports contained an inaccurate Special Handling Code of "DIR" indicating that the customers had directed the orders to market centers. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and

regulations, and/or FINRA and Securities and Exchange Commission (SEC) rules. The firm's WSPs failed to provide for one or more of the four minimal requirements for adequate WSPs regarding limit order display, three quote rule, order marking, locate rule, close-out and pre-borrow rule, naked short selling anti-fraud rule, monitoring activity during a trading halt, entering multiple quotations for over-the-counter (OTC) securities, general recordkeeping and accuracy, and sub-penny quotes. ([FINRA Case #2012031507401](#))

**Ascendant Capital Markets, LLC** ([CRD #152912](#), Irvine, California) submitted an AWC in which the firm was censured, fined \$7,500 and required to revise its policies and procedures, including its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures to reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning locking or crossing quotations in OTC equity securities. ([FINRA Case #2011030654201](#))

**Barclays Capital Inc.** ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade time in reports of transactions in municipal securities to the Real-time Transaction Reporting System (RTRS). The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User Manual; the firm failed to report information about such transactions within 15 minutes after the trade time to an RTRS Portal. ([FINRA Case #2013035856601](#))

**BNY Mellon Capital Markets, LLC** ([CRD #17454](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities to TRACE within the time permitted by FINRA Rule 6730. The findings stated that the firm failed to show the correct trade execution time on the memoranda of brokerage orders. ([FINRA Case #2014040027001](#))

**Canaccord Genuity Inc.** ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was censured, fined \$20,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on 24 occasions, it effected a short sale in an equity security for its own account without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could

be delivered on the date delivery is due, and documenting compliance with Rule 203(b) (1) of Regulation SHO. The findings stated that the firm accepted orders from customers for execution in the pre-market session or post-market session without disclosing to such customers that extended-hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding best execution, sales transactions, other trading rules and OATS. The firm failed to provide documentary evidence that on the trade dates reviewed, it performed the supervisory reviews set forth in its WSPs concerning order handling, sales transactions, soft dollar accounts and trading, and OATS. ([FINRA Case #2012031643701](#))

**Cantella & Co., Inc. (CRD #13905, Boston, Massachusetts)** submitted an AWC in which the firm was censured, fined \$50,000 and required to pay \$81,973.65, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged customers excessive commissions on equity and options transactions. The findings stated that in connection with certain purchases and sales of primarily low-priced securities, the commissions the firm charged were not fair and reasonable. The transactions resulted in approximately \$120,000 in excessive charges. The firm has already repaid customers approximately \$42,000 of these excessive commissions related to equity transactions. The firm also charged \$4,658.22 in excessive commissions in connection with options transactions. The findings also stated that the firm failed to establish, maintain and enforce an adequate supervisory system for the review of commissions charged. The firm relied exclusively on an automated commission schedule, rather than an independent supervisory review of the fairness of the commissions. ([FINRA Case #2011025431801](#))

**Celadon Financial Group LLC (CRD #36538, Chatham, New Jersey)** submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to transmit Reportable Order Events (ROEs) to OATS on 76 business days. ([FINRA Case #2013038874801](#))

**Citadel Securities LLC (CRD #116797, Chicago, Illinois)** submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS on a trade date. The findings stated that the firm failed to submit route reports for orders routed in an agency capacity. ([FINRA Case #2012031643001](#))

**Deutsche Bank Securities Inc. (CRD #2525, New York, New York)** submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE that it was required to report, failed to report the correct contra-party's identifier for S1 transactions in TRACE-eligible corporate debt securities to TRACE, reported S1 transactions in TRACE-eligible corporate debt securities to TRACE that it was not required to report, and failed to submit a report identifying the correct volume for an S1 transaction in a TRACE-eligible corporate debt security to TRACE. The findings stated that the firm failed to report new issue offerings in TRACE-eligible agency debt securities and TRACE-eligible corporate debt securities to FINRA in accordance with the time frame set forth in FINRA Rule 6760(c). The firm failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2012033935801](#))

**Feltl & Company (CRD #6905, Minneapolis, Minnesota)** submitted an AWC in which the firm was censured and fined \$1,000,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to comply with penny stock rules as they relate to suitability, disclosure and record-keeping requirements for broker-dealers. The findings stated that the firm engaged in thousands of penny stock transactions on behalf of its customers and received significant revenue from its penny stock business. Because the firm did not track all penny stock transactions in its books and records, the actual number of penny stock transactions by the firm's customers and the firm's total penny stock related revenue are unknown. The firm solicited its customers to make penny stock purchases and received over \$2.1 million from these transactions through markups, markdowns or commissions. The findings also stated that the firm failed to establish, maintain, and enforce WSPs to supervise the firm's penny stock business and to supervise the activities of registered representatives, registered principals, and other associated persons that were reasonably designed to achieve compliance with the applicable rules and regulations concerning the firm's penny stock business. In addition, the firm failed to enforce its existing WSPs concerning penny stocks. The firm failed to annually test and verify its supervisory procedures and submit the required reports, test results and exceptions, and any additional or amended procedures, to senior management, and make the required certifications. The findings also included that the firm was unable to produce copies of the designated supervisor's initialed copies of the daily trade blotters to FINRA for a branch office, and was not able to produce the daily trade blotters for another branch office until months later. ([FINRA Case #2010022962401](#))

**Global Brokerage Services, Inc. (CRD #37505, Hunt Valley, Maryland)** submitted an AWC in which the firm was censured and fined \$25,000. 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 failed to establish, maintain and enforce a reasonable supervisory system regarding its registered representatives' use of consolidated reports. The findings

stated that the firm's registered representatives provided consolidated reports to their customers that lacked required disclosures and/or contained misleading disclosures. A registered representative provided consolidated reports that included his own inaccurate and potentially misleading valuations for non-traded real estate investment trusts (REITs) and other illiquid investments. These consolidated reports initially lacked any disclosure statement. At the firm's direction, the registered representative added a disclosure that inaccurately stated that the asset valuations came from third-party providers. The firm's supervisory personnel were aware that the registered representative was using his own valuations for certain assets and that his valuations differed from the issuers' valuations. ([FINRA Case #2013035123201](#))

**Huntleigh Securities Corporation (CRD #7456, St. Louis, Missouri)** submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written policies and procedures, regarding the sale of leveraged, inverse and inverse-leveraged exchange-traded funds (non-traditional ETFs) that was reasonably designed to achieve compliance with applicable securities laws and regulations. The findings stated that the firm allowed its representatives to recommend and sell non-traditional ETFs to customers when its WSPs did not address the sale or supervision of non-traditional ETFs. The firm did not conduct due diligence of non-traditional ETFs before allowing its representatives to recommend and sell them to customers. The findings also stated that despite the unique features and notable risk factors of non-traditional ETFs, the firm did not provide its representatives or supervisors with any training or other guidance specific to whether and when non-traditional ETFs might be appropriate for their customers. The firm did not use or make available to its supervisory personnel any reports or other tools to monitor either the length of time that customers held open positions in non-traditional ETFs or any losses occurring those positions. ([FINRA Case #2013035278601](#))

**Intercoastal Capital Markets, Inc. (CRD #83, Boca Raton, Florida)** submitted an AWC in which the firm was censured, fined \$7,500 and required to report transactions to TRACE that were not previously reported. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings it failed to timely report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730, and failed to report transactions in TRACE-eligible securitized products to TRACE that it was required to report. ([FINRA Case #2013035305701](#))

**Jefferies LLC (CRD #2347, New York, New York)** submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the combination of a transition to a new email system, together with changes deployed in the firm's email review platform, caused system delays that impaired the firm's ability to review correspondence sent to or from its U.S. Equities Research Department. The findings stated that while the firm learned of the

system delays as early as November 4, 2011, it did not fully resolve the issue until June 21, 2012. During the email violation period, the firm failed to review nearly 49 percent of those emails in the U.S. Equities Research Department that were flagged for review as part of its supervision of electronic correspondence. The findings also stated that the firm failed to timely file MSRB Rule G-32 submissions, filed Rule G-32 submissions with inaccurate information and failed to file a required notice in connection with an Exempt Limited Offering. The firm's late submissions were nearly four days late on average. Nearly all of the late submissions were late by one week or less. ([FINRA Case #2012030420201](#))

**KCG Americas LLC** ([CRD #149823](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish customer limit orders in OTC equity securities when the price and full size of each such order would have improved the firm's bid or offer in such security. ([FINRA Case #2011029458701](#))

**Lamon & Stern, Inc.** ([CRD #10839](#), Atlanta, Georgia) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and WSPs that were reasonably designed to ensure the review and retention of its registered representatives' electronic communications (emails). The findings stated that the WSPs did not establish a system to review emails by representatives in branch and non-branch locations. The firm failed to review all business-related emails its registered representatives sent or received and failed to preserve and maintain all business-related emails. The firm maintained some, but not all email communications in electronic format. The firm permitted its registered representatives to utilize personal email addresses for business-related email communications. The firm instructed its registered representatives to copy a principal on all business-related emails. However, this requirement was not described in the firm's WSPs. The firm's system did not conform to the requirements set forth in Securities Exchange Act of 1934 Rule 17a-4, in that its emails were not maintained in a non-erasable write-once, read-many (WORM) format. The firm failed to notify FINRA of its use of electronic storage media as required, and did not engage a third party with access to and the ability to download emails stored using electronic storage media.

The findings also stated that the firm failed to adopt and implement a system to supervise its research analysts' activities in a manner that was reasonably designed to achieve compliance with the requirements of NASD Rule 2711. The firm failed to establish, maintain and enforce a reasonable system to supervise the distribution of sales literature through, among other things, websites and research reports its representatives created and produced. The firm failed to file annual attestations with FINRA in either 2011 or 2012 even though at least one firm representative published research reports and made public appearances during the relevant period. The firm failed to adequately supervise its



representatives in connection with the approval of research reports and the notification and approval of public appearances, and failed to maintain records of public appearances. While the firm had WSPs, they failed to contain detailed procedures regarding, among other things, the process for approving research reports and public appearances. A registered principal of the firm did not approve by signature or initial and date all sales literature (research reports) prior to their use. The firm also failed to establish a reasonably adequate supervisory system to supervise websites its representatives used in connection with their securities business. ([FINRA Case #2012030690601](#))

**Lexington Investment Company, Inc.** ([CRD #27393](#), Lexington, Kentucky) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately report the execution time with regard to customer trades involving corporate debt securities transactions, agency debt securities transactions and municipal securities transactions, and failed to accurately report whether a corporate debt securities transaction involved a purchase or a sale. The findings stated that the firm failed to maintain accurate order ticket records by failing to provide the correct execution time with regard to customer trades on order tickets involving corporate debt securities transactions, agency debt securities transactions and municipal securities transactions. The findings also stated that the firm failed to enforce its WSPs with regard to the reporting of municipal securities transactions when it failed to accurately report the execution time with regard to customer trades involving municipal securities transactions. ([FINRA Case #2012031130001](#))

**Merrill Lynch, Pierce, Fenner & Smith Incorporated** ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured and fined \$19,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as managing underwriter, under different market participant identifiers (MPIDs), the firm failed to timely report new issue offerings in TRACE-eligible securities to FINRA in accordance with the requirements of FINRA Rule 6760(c). ([FINRA Case #2013038742701](#))

**Morgan Wilshire Securities, Inc.** ([CRD #44807](#), Garden City, New York) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain an adequate supervisory system with respect to the review and processing of account transfer requests. The findings stated that as a result, the firm erroneously applied an account transfer restriction code to customer accounts that temporarily restricted those accounts from being transferred from the firm to another introducing broker-dealer. The delays in account transfers ranged from seven to nine days. ([FINRA Case #2012032374301](#))

**MTG, LLC dba Betterment Securities** ([CRD #47788](#), New York, New York) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain and preserve certain of its electronic communications. The findings



stated that the firm utilized a third-party vendor to maintain and preserve its electronic communications. The vendor archived email communications at 30-minute intervals. The email retention system, however, was not designed to capture email communications that had been “double-deleted” from an email user’s deleted email folder prior to the 30 minute back-up process. As a result, if any email communications were deleted from a user’s deleted items folder during the intervals between these back-ups, the firm’s systems would not have retained them. ([FINRA Case #2012030406801](#))

**Northeast Securities, Inc. (CRD #25996, Mitchelfield, New York)** submitted an AWC in which the firm was censured and fined \$70,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The firm has made restitution to the customers affected in the transactions. ([FINRA Case #2010021251601](#))

**Parkland Securities, LLC fka Sammons Securities Company, LLC (CRD #115368, Ann Arbor, Michigan)** submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated NASD Rules 3010 and 3012 and FINRA Rules 3270 and 2010. The findings noted that the firm’s reliance upon the limited number of individuals from an entity with common ownership to remotely conduct all of the supervisory and compliance functions for a total of 1, 274 registered representatives and 854 branch offices between the firm and another broker-dealer, as well as that broker-dealer’s affiliated adviser, was not reasonable. The findings stated that the firm’s system for reviewing its registered representatives’ emails was not reasonably designed and resulted in inadequate supervision of the firm’s email communications. Furthermore, in order to ensure that registered representatives were reporting customer complaints, the firm relied upon its email review and branch office inspection systems. The firm’s reliance upon these systems as controls to ensure the reporting of customer complaints was not reasonable given inadequacies that existed in the firm’s email review system.. The firm also failed to establish and maintain an adequate system of supervision concerning the receipt and reporting of the firm’s representatives’ gifts and gratuities, as the firm did not maintain a centralized log of such gifts and gratuities or otherwise confirm the maintenance and review the contents of such logs during the branch inspection process..

The findings also stated that the firm was unable to demonstrate that it had conducted reviews of previously disclosed outside business activities to ensure that such disclosures complied with the new standards in FINRA Rule 3270. The firm also failed to update its WSPs relating to the review and assessment of outside business activities pursuant to the requirements of FINRA Rule 3270, and failed to collect sufficient information from its representatives concerning the nature of their outside business activities. Moreover, in the

case of two representatives, the firm was aware that they were participating in securities transactions through their approved registered investment advisers (RIAs), but it did not record or maintain the RIAs' securities transactions on the firm's books and records, or supervise the correspondence of the RIAs. Though the representatives were allowed to engage in private securities transactions away from the firm through their RIAs, the firm did not update its WSPs, which expressly prohibited such activity.

The findings also included that the firm failed to conduct any independent due diligence for the structured products it recommended to customers. Instead, the firm relied completely on the determination of its fixed income distributors to sell the structured products as sufficient evidence of suitability. The firm failed to implement and maintain WSPs and a system for evaluating whether these products were appropriate for its customers.

FINRA found that with respect to direct application-way business, the firm failed to monitor for changes in customer address as required by its WSPs, and failed to maintain or enforce an adequate supervisory system to monitor for customer changes of address. The firm also failed to establish and maintain an adequate supervisory system for the protection of confidential customer information on electronic devices, as the firm did not conduct any review as part of its branch inspections to ensure that representatives were using passwords, anti-virus software and anti-spyware tools, as certified on their annual regulatory questionnaires. In addition there were not any onboarding procedures for new representatives at the time they became registered that would require them to attest to using such safeguards. ([FINRA Case #2012030717301](#))

**RBC Capital Markets, LLC** ([CRD #31194](#), New York, New York) submitted an AWC in which the firm was fined \$5,000 and required to pay \$1,605.95, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to contemporaneously or partially execute customer limit orders in OTC securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. ([FINRA Case #2012031757601](#))

**State Street Global Markets, LLC** ([CRD #30107](#), Boston, Massachusetts) submitted an AWC in which the firm was censured and fined \$52,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for settlement dates of November 14, 2008, and November 28, 2008, the firm submitted its short-interest position reports to FINRA that included four short-interest positions totaling 49,030 shares, when the actual short-interest position in the four securities was zero shares. The findings stated that for settlement dates of December 15, 2008, through May 31, 2011, the firm submitted its short-interest position reports to FINRA that included 128 short-interest positions totaling 3,235,356 shares, when the actual short-interest position in the 128 securities was zero shares. For settlement dates of November 30, 2010, through July 31, 2012, the firm submitted its short-interest position reports to FINRA that

failed to include 56 short interest positions totaling 3,564 shares. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations, and/or FINRA rules, concerning short-interest reporting. The firm failed to report the correct execution time for transactions in securitized products to TRACE, failed to report the correct execution time for S1 transactions in agency debt securities to TRACE, failed to report these same transactions to TRACE within 15 minutes of the execution time, and failed to show the correct execution time on the memorandum of brokerage orders. ([FINRA Case #2010021456101](#))

**Stifel, Nicolaus & Company, Incorporated** ([CRD #793](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement an adequate anti-money laundering (AML) program to detect and cause the reporting of certain potentially suspicious activity. The findings stated that the firm executed, for its customers, unsolicited purchases and sales of at least 2.5 billion shares of low-priced securities (penny stocks), which generated at least \$320 million in proceeds. The firm was aware of the heightened risks associated with penny-stock activity during this time, as it had terminated certain customer accounts that had deposited and shortly thereafter sold, large blocks of penny stocks. The firm's AML compliance program did not routinely monitor unsolicited penny-stock trades executed through the firm. Despite the amount of unsolicited penny-stock trading activity conducted through the firm and the awareness of risks associated with such activity, the firm failed to have an adequate surveillance system to review unsolicited penny-stock transactions.

The findings also stated that the firm failed to establish, maintain and enforce a supervisory system to achieve compliance with Section 5 of the Securities Act of 1933 with respect to the distribution of unregistered and non-exempt securities. The firm did not routinely conduct due diligence on penny stocks received from customers through the Automated Customer Account Transfer Service (ACATS) system. The firm failed to ensure that adequate supervisory reviews were performed to determine whether such securities were registered or if an exemption to registration applied prior to the sale of such securities. As a result, firm customers were able to deposit and liquidate penny-stock shares that should have been subject to greater scrutiny by the firm. ([FINRA Case #2009020810101](#))

**Sunrise Securities Corp.** ([CRD #29804](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in national market system (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm inaccurately marked orders as "trade-through exempt." The findings also stated that the firm executed short-sale transactions in OTC equity securities and failed to report

each of these transactions to the OTC Reporting Facility (OTCRF) with a short-sale modifier, and executed long-sale transactions in OTC equity securities and inaccurately reported each transaction to the OTCRF with a short-sale modifier. The firm executed one short-sale transaction in an NMS stock and failed to report this transaction to the FINRA Trade Reporting Facility® (TRF®) with a short-sale modifier, and it executed long-sale transactions in NMS stock and inaccurately reported each transaction to the TRF with a short-sale modifier. ([FINRA Case #2011030630901](#))

**SunTrust Investment Services, Inc. ([CRD #17499](#), Atlanta, Georgia)** submitted an AWC in which the firm was censured and fined \$80,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system reasonably designed to monitor the proper assessment of fees charged to certain investment advisory accounts. The findings stated that the firm overcharged investment advisory fees to client accounts enrolled in one of the firm's investment advisory programs. These overcharges resulted from the installation of new fee-engine software by the firm's clearing firm that, without the firm's knowledge, failed to correctly bundle certain asset classes for the purpose of calculating breakpoint discounts for fees. The firm failed to discover the investment advisory fee overcharges for a period of approximately two-and-a-half years. The firm failed to adequately supervise the investment advisory fees charged to certain clients by failing to adequately test whether the software correctly took into account breakpoint discounts through asset bundling. The firm also failed to conduct adequate periodic reviews to ensure that the proper fees were assessed for certain investment advisory accounts. The firm has reimbursed all affected clients in the total amount of approximately \$421,743, plus interest. ([FINRA Case #2011029668001](#))

**Timber Hill LLC ([CRD #33319](#), Greenwich, Connecticut)** submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User Manual; the firm failed to report information about such transactions within 15 minutes after the trade time to an RTRS Portal. The firm failed to transmit last-sale reports of transactions in NMS securities to the FINRA/Nasdaq Trade Reporting Facility (FNTRF) within 30 seconds after execution and failed to transmit last-sale reports of transactions in OTC equity securities to the OTCRF within 30 seconds after execution. ([FINRA Case #2012033503501](#))

**UBS Securities LLC ([CRD #7654](#), New York, New York)** submitted an AWC in which the firm was censured, fined \$60,000, and required to evaluate and update its supervisory system, including its WSPs, as necessary to rectify and address supervisory failures. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide the correct capacity in which the firm acted in transactions reported to the FNTRF and the OTCRF. The findings stated that the incidents constituted the subset of misreports that the firm could identify out of an unspecified

greater number of total miscapacity reports that the firm was unable to reconstruct due to systems changes and the age of the conduct. The findings also stated that the firm failed to reasonably supervise compliance with trade-reporting requirements pertaining to capacity input accuracy. The firm failed to promptly follow-up on a service order it submitted to correct a systems issue that led to the above miscapacity issues, and failed to promptly detect that the service order had not been processed, which resulted in the reporting issue persisting for more than a year beyond the firm's initial attempt to remediate it. ([FINRA Case #2011029527601](#))

**UBS Securities LLC** ([CRD #7654](#), New York, New York) submitted an AWC in which the firm was censured, fined \$27,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed on five occasions to provide written notification disclosing to its customer its correct capacity in the transaction. The findings stated that the firm failed on two occasions to provide written notification to its customer of the details of its transaction with or for the customer specified in SEC Rule 10b-10. The firm failed to report the correct execution time to the FNTRF in last-sale reports of transactions in designated securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding algorithmic trading, backing away and the sub-penny rule. ([FINRA Case #2011026095301](#))

**Western International Securities, Inc.** ([CRD #39262](#), Pasadena, California) submitted an AWC in which the firm was censured and fined \$80,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings it failed to enforce WSPs reasonably designed to achieve compliance with laws, rules and regulations applicable to supervise a registered representative's private securities transactions involving a foreign currency trading program conducted through the representative's investment adviser. The findings stated that the firm also failed to enforce WSPs reasonably designed to detect and prevent the representative's misconduct through his investment adviser related to forex trading activities. The findings also stated that the firm failed to enforce its WSPs requiring the firm to review the representative's incoming and outgoing securities- and business-related emails. The firm's procedures allowed the representative to utilize an outside email vendor with the condition that his securities- and business-related emails would be forwarded to an email address hosted on the firm's internal mail server, where the emails would be captured and retained. On several occasions, the firm's electronic storage media vendor notified the firm that it was not capturing the representative's email communications. Despite these "red flags," the firm failed to take adequate steps to ensure that the firm captured and preserved the representative's emails. The firm failed to retain thousands of the representative's emails for more than a year. Had the firm captured all of the representative's securities- and business-related emails and conducted a review of these emails, it may have alerted the firm that the representative was involved in misconduct in connection with his retail forex activities.

The findings also included that the firm failed to implement adequate written procedures to evaluate another registered representative's proposed investment adviser activities to determine whether the activity should have been treated as an outside securities activity. The firm failed to detect and prevent the representative from engaging in private securities transactions related to his investment adviser that had not been previously approved by the firm. The representative directed certain securities transactions for an open-end mutual fund through the firm's clearing firm, and other securities transactions away from the firm. The firm failed to record certain securities transactions directed away from the firm on its books and records, as prescribed in the firm's WSPs. The firm did not become aware of the representative's private securities transactions related to the mutual fund until FINRA brought the activity to the firm's attention during the firm's routine examination. ([FINRA Case #2010023133201](#))

**World Equity Group, Inc.** ([CRD #29087](#), Arlington Heights, Illinois) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2013036895301](#))

## Individuals Barred or Suspended

**Peter Bulkeley Brainard Jr.** ([CRD #2890845](#), Old Saybrook, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Brainard consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens and civil judgments totaling \$640,720. The findings stated that Brainard disclosed the liens and judgments only when a member firm discovered them in the course of hiring him.

The suspension is in effect from October 6, 2014, through April 5, 2015. ([FINRA Case #2013035773501](#))

**Michael Llewellyn Brown** ([CRD #2546000](#), Silver Spring, Maryland) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that he issued checks from a personal bank account totaling approximately \$1,200 knowing that there were insufficient funds to cover those checks at the time they were written. The findings stated that Brown deposited the checks into another personal bank account and used the funds before any of the checks were returned for insufficient funds.

The suspension is in effect from October 6, 2014, through January 5, 2015. ([FINRA Case #2013036782001](#))

**Phillip John Bucaro** ([CRD #2171289](#), West Chicago, Illinois) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Bucaro consented to the sanctions and to the entry of findings that he engaged in outside business activities by receiving approximately \$203,000 in compensation for selling equity-indexed annuities (EIAs) to customers of his member firm. The findings stated while the firm maintained an approved product list that included certain EIAs that the firm allowed its representatives to sell to customers, none of the EIAs that Bucaro sold to the firm customers were on the firm's approved product list. Bucaro failed and neglected to give prior or prompt written notice of his engagement in such business activities to the firm.

The suspension is in effect from October 6, 2014, through February 5, 2015. ([FINRA Case #2011028635701](#))

**Thomas Neil Charbonneau** ([CRD #44868](#), Arden Hills, Minnesota) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Charbonneau consented to the sanction and to the entry of findings that he sold approximately 1.7 million shares of a speculative penny stock from his own accounts, generating proceeds of approximately \$400,000, while he solicited and recommended the purchase of the speculative penny stock to his customers without disclosing that he was selling the stock from his personal accounts. The findings stated that Charbonneau's conduct in failing to disclose his stock sales to his customers prevented them from making an informed investment decision. The findings also stated that Charbonneau caused a customer to sign and initial in blank investment-related member firm documents pertaining to a potential investment in a REIT in contravention of his firm's prohibition against such conduct. ([FINRA Case #2010024882201](#))

**Yan Qiu Chen** ([CRD #4532493](#), Corona, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chen consented to the sanction and to the entry of findings that she failed to provide documents and information FINRA had requested pertaining to allegations that she provided incorrect occupation, salary and address information for insurance company customers on traditional life insurance applications. The findings stated that Chen, through her counsel, advised FINRA that she would not provide any further documents and information, or otherwise participate in FINRA's investigation. ([FINRA Case #2013038594101](#))

**Tammara Lynne Collins** ([CRD #5692627](#), Carlsbad, California) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Collins consented to the sanctions and to the entry of findings that she affixed a customer's initials, signed her name and/or changed the dates on documents related to annuity purchases. The findings stated that during this time, Collins' member firm's procedures prohibited signing a customer's name or initials except under certain circumstances, and prohibited changing the dates after the client has signed a document.



The suspension was in effect from October 6, 2014, through October 31, 2014. ([FINRA Case #2011028519701](#))

**James Clifford Eastman (CRD #1385303, Naples, Florida)** submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Eastman consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm or obtaining its approval of his participation in such transactions. The findings stated that Eastman referred customers to invest in an offering, assisted the customers with obtaining funds from their brokerage accounts at his firm to effect the transactions, and assisted them with the processing of the requisite paperwork. In connection with these transactions, Eastman received compensation of approximately \$65,000, but returned the compensation after his firm instructed him to do so.

The suspension is in effect from October 6, 2014, through July 5, 2015. ([FINRA Case #2012034304001](#))

**Ismail Elmas (CRD #2702531, Vienna, Virginia)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Elmas consented to the sanction and to the entry of findings that he failed to provide documents and information FINRA had requested in connection with an investigation into allegations that he converted client funds for personal use and participated in an unauthorized outside business activity. ([FINRA Case #2014042148801](#))

**Lorene Fairbanks (CRD #2788572, Poland, Ohio)** submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Fairbanks consented to the sanctions and to the entry of findings that she effected discretionary transactions in securities accounts of customers of her member firm without the customers' written authorization or the firm's approval. The findings stated that Fairbanks mismarked order tickets in the customers' accounts as unsolicited orders when the trades were solicited, which caused the firm to maintain inaccurate books and records.

The suspension was in effect from October 6, 2014, through November 14, 2014. ([FINRA Case #2012031855001](#))

**Mark Foster (CRD #719105, Pasadena, California)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Foster failed to respond to requests from FINRA for information and documents and to appear and provide on-the-record testimony regarding allegations that he misappropriated more than \$2 million in customer funds. ([FINRA Case #2014039867601](#))

**Nancy Morrison Foster** ([CRD #4964619](#), Midlothian, Virginia) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for 15 business days. In light of Foster's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Foster consented to the sanction and to the entry of findings that she failed to timely amend her Form U4 to disclose an unsatisfied judgment entered against her as a co-defendant.

The suspension was in effect from October 6, 2014, through October 24, 2014. ([FINRA Case #2013036076901](#))

**David Lawrence Gabai** ([CRD #1423723](#), West Hills, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gabai consented to the sanction and to the entry of findings that he held significant quantities of shares in a security in his personal brokerage accounts, and used and employed deceptive, fraudulent, and manipulative devices and schemes involving the purchase and sale of the security. The findings stated that through the use of his personal and other brokerage accounts, Gabai marked the security's open and closing prices, and engaged in pre-arranged trading and wash sales, in an attempt to create a false or misleading appearance of active trading relating to the market for the security and manipulate the price of the security. Among other things, Gabai's misconduct enabled him to avoid margin calls concerning the shares he held in his personal brokerage accounts. Gabai effected trades that set the closing price of the security and effected trades that set the opening price in the security. The findings also stated that Gabai effected pairs of matched orders or pre-arranged trades in the security. In some of these instances, Gabai and another registered representative effected matched trades between the brokerage accounts of Gabai's customers and the brokerage accounts of the other registered representative's customers. The matched orders were typically effected at prices that were equal to or higher than the prior trade price for the shares.

The findings also included that Gabai effected pairs of wash trades in the security that took place within his personal brokerage accounts or between his personal brokerage accounts. The wash trades did not involve any change in beneficial ownership and Gabai effected them to create a false or misleading appearance of active trading relating to the market for the security and to manipulate the security's price. As a result of his conduct, Gabai willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Gabai also caused the publication or circulation of reports of non-bona fide purchases or sales of the security. ([FINRA Case #2009017402501](#))

**Clark Smith Gardner** ([CRD #2930356](#), Orem, Utah) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gardner consented to the sanction and to the entry of findings that he converted customer funds for his own use and benefit. The findings stated that a customer provided Gardner with a check for \$243,000 for an investment opportunity.

Gardner deposited the check directly into his personal bank account and failed to invest any of the funds on the customer's behalf. Instead, Gardner proceeded to use the customer's funds for his own personal use, including repaying funds Gardner owed to other individuals. The findings also stated that Gardner engaged in an outside business activity by serving as an agent of a real estate investment company without his member firm's knowledge or consent. Gardner facilitated the customer's \$150,000 real property investment through the company, without the firm's permission, and received \$20,000 from the company for facilitating the transaction. ([FINRA Case #2014041351601](#))

**David Keith Garrow** ([CRD #2885649](#), Milwaukee, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in any capacity for 11 months. Without admitting or denying the findings, Garrow consented to the sanctions and to the entry of findings that he entered into a loan agreement with his member firm's customers without the firm's knowledge or approval. The findings stated that Garrow agreed to purchase a used automobile for \$2,000 from the customers. Garrow paid the customers \$900 in cash and agreed to pay the remaining \$1,100 over time. The lending arrangement was not documented and Garrow was not required to pay interest or repay the loan by a specified date. Garrow repaid the loan at a later date. The findings also stated that Garrow willfully failed to amend his Form U4 to disclose a civil judgment entered against him. The findings also included that Garrow failed to timely respond to FINRA requests for information regarding allegations that he accepted a loan from a customer.

The suspension is in effect from October 6, 2014, through September 5, 2015. ([FINRA Case #2013038871702](#))

**Michael Leonard Gorman** ([CRD #2817676](#), Pearland, Texas) submitted an AWC in which he was fined \$20,000, which includes disgorgement of referral fees of \$15,000, and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Gorman consented to the sanctions and to the entry of findings that he participated in a private securities transaction without disclosing the participation to his member firm. The findings stated that Gorman introduced two customers who were interested in real estate investments, to another customer, a local property developer who was soliciting investments in a strip mall project. The two customers signed a limited partnership agreement by which they each invested \$250,000 in the strip mall project. Gorman did not disclose his role in introducing the customers or his receipt of a \$15,000 referral fee to his firm.

The suspension is in effect from October 6, 2014, through January 5, 2015. ([FINRA Case #2013036727501](#))

**Jan Ernest Helen** ([CRD #865530](#), Denver, Colorado) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Helen consented to the sanction and to the entry of findings that

he failed and refused to appear for FINRA on-the-record testimony in connection with an investigation into his possible conversion or misuse of investor funds. The findings stated that Helen, through counsel, informed FINRA that he would not appear for testimony on the scheduled date or at a future date. ([FINRA Case #2014042231401](#))

**Sean Steven Howell** ([CRD #4231662](#), Bellevue, Washington) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Howell consented to the sanction and to the entry of findings that he made misstatements on life insurance applications and failed to repay a commission to which he was not entitled. The findings stated that Howell applied for life insurance policies on himself with an insurance company that was affiliated with his member firm. The firm paid him an initial commission in connection with each application. Howell failed to take delivery or complete the underwriting on any of the policies and failed to pay the initial premium on some of the applications. Because the insurance policies did not go into effect, Howell was charged back the commissions. For the last policy, Howell was paid an initial commission of \$92,016. Howell was charged back the initial commission, leaving a deficit in his account. After he was terminated by his firm, Howell failed to repay this commission. The findings also stated that Howell failed to fully or timely respond to FINRA requests for documents and information relating to federal tax liens entered against him. The findings also included that Howell failed to timely and accurately disclose, in one instance willfully, unsatisfied federal tax liens on his Form U4. ([FINRA Case #2012033490101](#))

**Jerry Adam Jacobs** ([CRD #1006238](#), Miami Beach, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Jacobs consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose criminal charges.

The suspension is in effect from October 6, 2014, through December 5, 2014. ([FINRA Case #2013037983501](#))

**Herbert Leonard Kaye** ([CRD #265572](#), Delray Beach, Florida) submitted an AWC in which he was assessed a deferred fine of \$25,000, which includes disgorgement of \$11,000 of commissions received, and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Kaye consented to the sanctions and to the entry of findings that he entered discretionary trades in equities and ETFs in a customer's account without the customer's prior written authorization. The findings stated that the customer gave Kaye verbal authority to use his discretion to enter trades in her account without contacting her. Kaye's member firm's written policies and procedures prohibited registered representatives from exercising discretion in customer accounts except in certain, limited circumstances that did not apply to the customer's account. The trades generated approximately \$173,000 in gross commissions and fees.

The findings also stated that Kaye recommended his customer invest \$1.1 million in a gold and precious minerals fund that was not suitable for her in light of her moderate risk tolerance, investment objective of growth and income, desire to avoid market fluctuations, the concentrated nature of the investment and her age. Kaye received \$11,000 in gross commissions for the investment.

The suspension is in effect from September 15, 2014, through January 14, 2015. ([FINRA Case #2013037287401](#))

**Eric David Kennedy (CRD #5194734, Danbury, Connecticut)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kennedy intentionally and without authorization took \$2,569.36 that belonged to his employer bank from his teller drawer for his personal use. The findings stated that Kennedy failed to amend his Form U4 to disclose unsatisfied judgments within 30 days of receiving the disposition notices. The findings also stated that Kennedy failed to respond in any manner to requests from FINRA for information and documents. ([FINRA Case #2013039558401](#))

**Gary Neil Kornbluh (CRD #1510228, Coral Springs, Florida)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for four months. In light of Kornbluh's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Kornbluh consented to the sanction and to the entry of findings that he failed to timely amend and/or disclose judgments and tax liens on his Form U4.

The suspension is in effect from October 20, 2014, through February 19, 2015. ([FINRA Case #2012031721401](#))

**Timothy Wayne Landrum (CRD #6228954, Atlanta, Georgia)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Landrum consented to the sanction and to the entry of findings that he failed to provide FINRA with on-the-record testimony in connection with an investigation into allegations that he misappropriated funds from the accounts of multiple bank clients. ([FINRA Case #2014041267001](#))

**Barkley J. Lundy Jr. (CRD #2260127, Rapid City, South Dakota)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lundy consented to the sanction and to the entry of findings that he received funds from customers of his member firm and deposited those funds into his personal bank accounts. The findings stated that Lundy retained a list of those customers along with a payment schedule in which the customers were to receive monthly payments varying in amounts from his personal bank accounts between \$101 and \$4,258. Both the list and the payment schedule were unknown and unauthorized by the firm. For at least three firm customers, Lundy transferred funds from his personal account into the customers' bank accounts, and then transferred funds into each of those customers' firm

accounts. Lundy arranged for each of those customers to purchase additional shares of mutual funds the customers held. Lundy represented that the fund movements were akin to dividend reinvestments in their mutual funds. At least one customer requested that Lundy provide him with the appropriate tax forms to account for the monthly payments, and upon that request, Lundy provided the customer with a fabricated tax document bearing falsified information. Lundy misrepresented to the customer that the firm created and provided the document. ([FINRA Case #2014041887201](#))

**Sandra Neil McClure (CRD #2016898, Lawrenceville, Georgia)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McClure consented to the sanction and to the entry of findings that she failed to appear for FINRA-requested testimony in connection with its investigation into the disclosure on McClure's Form U5 that her member firm had terminated her for "failure to follow policy/procedure." The findings stated that McClure, through her counsel, informed FINRA that she had received the requests for testimony but she would not appear for testimony at any time. ([FINRA Case #2013038926301](#))

**Michael Shawn McGee (CRD #2639358, Detroit, Michigan)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, McGee consented to the sanctions and to the entry of findings that he willfully failed to disclose state and Internal Revenue Service (IRS) tax liens on his Forms U4. The findings stated that McGee became the subject of an additional IRS lien and willfully failed to disclose that lien in a timely manner.

The suspension is in effect from September 15, 2014, through December 14, 2014. ([FINRA Case #2013039253501](#))

**Robert Alan McKoy (CRD #720261, North Logan, Utah)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, McKoy consented to the sanctions and to the entry of findings that he provided consolidated reports on a quarterly basis for customers that included his own inaccurate and potentially misleading valuations of the estimated value for certain non-traded REITs and other illiquid investments. The findings stated that McKoy's consolidated reports lacked required disclosures and later, at his firm's request, added a disclosure that inaccurately stated that the asset valuations came from third-party providers. The findings also stated that McKoy willfully failed to timely disclose federal tax liens on his Form U4.

The suspension is in effect from October 20, 2014, through February 19, 2015. ([FINRA Case #2013035123202](#))

**Jason Mitchell Meyers** ([CRD #1842913](#), Huntington, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Meyers consented to the sanction and to the entry of findings that he misappropriated at least \$700,000 of funds raised from investors in a series of private offerings of securities. The findings stated that the investors have never received a return of their principal or any return on their investments. The offerings were purportedly designed to raise money to buy the broker-dealer where Meyers worked. Meyers raised approximately \$3 million for investment in an entity Meyers created and controlled. While Meyers used some portion of the funds raised to fund his broker-dealer's operations, meet net capital obligations at the firm and purchase a small interest in the broker-dealer, he used significant portions of the funds raised for his own personal use, which was neither authorized by investors, permitted under the terms of the offering documents or disclosed to customers. Myers was not entitled to any compensation. ([FINRA Case #2010024003801](#))

**William Brian Mulder** ([CRD #1474998](#), Tulsa, Oklahoma) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mulder consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information. The findings stated that the requests were related to an investigation into the events leading up to a member firm's filing of a Form U5 amendment for Mulder including, among other things, customers' allegations against Mulder for misappropriation and omission of material facts, embezzlement and forgery regarding a variable annuity. ([FINRA Case #2014040606201](#))

**John Domenic Muscolino** ([CRD #4215104](#), St. Petersburg, Florida) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any principal capacity for 90 days. Without admitting or denying the findings, Muscolino consented to the sanctions and to the entry of findings that he failed to adequately supervise the administration of Life Underwriter Training Council (LUTC) examinations by a life insurance specialist who reported to him. The findings stated that Muscolino failed to enforce a prohibition against the specialist proctoring LUTC examinations, and failed to adequately monitor the specialist to ensure that he did not help employees or contractors of his member firm or its affiliated insurance group cheat on LUTC examinations or falsify proctor affidavits. The findings also stated that Muscolino failed to adequately supervise the specialist by approving an outside business form for him without ensuring that the start date reflected on the form was accurate.

The suspension is in effect from September 15, 2014, through December 13, 2014. ([FINRA Case #2013035957101](#))

**Tony Albert Nesson** ([CRD #5588097](#), Los Angeles, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 days. Without admitting or denying the findings, Nesson consented to the sanctions and to the entry of findings that he recommended that his



customers sell their shares in a mutual fund but mismarked those trades on electronic order tickets as unsolicited. The findings stated that Nesson caused his member firm's books and records to become inaccurate.

The suspension was in effect from October 6, 2014, through October 20, 2014. ([FINRA Case #2012034442601](#))

**Kevin Scott Pang** ([CRD #4441454](#), Honolulu, Hawaii) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pang consented to the sanction and to the entry of findings that he borrowed money from customers under circumstances prohibited by FINRA rules. The findings stated that at the time of each loan, Pang's member firm's procedures required written notice to and approval from the firm's compliance department before entering into any lending arrangement with a client, unless the client was a family member or a financial institution in the lending business. Neither of these exceptions applied to the customers. Nevertheless, Pang entered into the loans without providing notice to or receiving approval from the firm. Pang completed an annual compliance questionnaire in which he falsely answered no to the question, "Have you borrowed or loaned money or securities from or to any client?" The findings also stated that Pang refused to provide information FINRA had requested in connection with an investigation concerning loans between Pang and his customers. ([FINRA Case #2012035375501](#))

**Joseph Thomas Pappalardo** ([CRD #2088747](#), Claremore, Oklahoma) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pappalardo consented to the sanction and to the entry of findings that he made fraudulent and misleading misrepresentations to a customer in the sale of private securities in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings stated that Pappalardo intentionally made material misrepresentations and omissions to the customer in order to convince the customer to invest \$100,000 in a fictitious company. Pappalardo converted the customer's funds to his own uses. Pappalardo failed to give prior written notice to, or obtain prior written approval from his member firm to engage in these transactions. The findings also stated that Pappalardo solicited and sold investments in a real estate company. Pappalardo failed to give prior written notice to, or obtain prior written approval from his firm to engage in these transactions. The findings also included that Pappalardo repeatedly failed to disclose other outside business activities to his firm. Pappalardo falsely described his participation in outside business activities and private securities transactions on his firm's annual compliance questionnaires, and falsely stated on a Pre-Registration Questionnaire that his real estate company was no longer in business. FINRA found that Pappalardo willfully failed to amend his Form U4 to disclose his outside business activities. ([FINRA Case #2012034045401](#))

**Shaurja Ray** ([CRD #5394906](#), New York, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ray consented to the sanction and to the entry of findings that he converted approximately \$688.10 from his member firm by charging personal meal expenses to his corporate-issued credit card. The findings stated that Ray submitted falsified receipts to the firm misrepresenting those expenses to be reimbursable business expenses. ([FINRA Case #2014040437001](#))

**Ernest A. Rodulfo** ([CRD #4381074](#), Newington, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Rodulfo consented to the sanctions and to the entry of findings that he signed a customer's name without authority on two stock powers and submitted the certificates and stock powers to his member firm to effect the transaction. The findings stated that Rodulfo was contacted by the daughter of the client, who was recently deceased. As the trustee of her mother's estate, the client's daughter was seeking to have shares of two stocks deposited into her joint account. Because the stock certificates were in the client's name, Rodulfo informed the daughter that in order to deposit the shares, his firm would require signing of stock powers to accompany certificate shares. The firm immediately recognized that the signatures could not have been authorized because the client was deceased. The firm contacted Rodulfo, who admitted that he had signed the client's signature on the stock powers.

The suspension was in effect from September 15, 2014, through October 3, 2014. ([FINRA Case #2013039089101](#))

**Keith Michael Rogers** ([CRD #4987615](#), Huntsville, Alabama) submitted an AWC in he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rogers consented to the sanction and to the entry of findings that he failed to cooperate with a FINRA investigation by not appearing for testimony. The findings stated that FINRA was investigating whether Rogers had misappropriated funds by, inter alia, improperly diverting funds from the bank accounts of certain brokerage customers of his member firm to an account he controlled. ([FINRA Case #2014041532601](#))

**Kenneth William Schulz** ([CRD #4605235](#), Tomahawk, Wisconsin) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Schulz consented to the sanction and to the entry of findings that he directed a registered assistant to impersonate his former customers in phone calls to his prior member firm requesting that the customers' accounts be liquidated so they could invest through him at his new member firm. The findings stated that following Schulz's directive, the registered assistant impersonated the customers in calls to his prior firm, resulting in his prior firm liquidating all securities positions the customers held. The customers had not authorized Schulz or the assistant to request that Schulz's

prior firm liquidate their accounts and were not aware that their accounts were being liquidated until after the transactions had occurred. The findings also stated that Schulz refused to appear for FINRA on-the-record testimony. ([FINRA Case #2013037650601](#))

**Vassie Scott Jr. (CRD #1047400, Amherst, Ohio)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Scott consented to the sanctions and to the entry of findings that he solicited and facilitated the sale of EIAs to customers of his member firm. The findings stated that the sales totaled \$2,009,472.46, for which Scott received \$139,000 in compensation. Scott failed to give prior or prompt written notice of his engagement in such business activities to the firm.

The suspension is in effect from September 15, 2014, through December 14, 2014. ([FINRA Case #2013036139601](#))

**Stephen James Swain (CRD #865407, Naples, Florida)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Swain consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose unsatisfied liens.

The suspension is in effect from October 6, 2014, through January 5, 2015. ([FINRA Case #2013035298601](#))

**James Marc Unger (CRD #2492377, Shaker Heights, Ohio)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Unger consented to the sanction and to the entry of findings that he borrowed at least \$219,000 from a customer without his member firms' approval. The findings stated that over six years, Unger made false statements and attestations to his firms on annual compliance questionnaires concerning soliciting or accepting loans from a customer. The findings also stated that Unger created and used blank, pre-signed forms for the purpose of making ongoing distributions from customer accounts. The customers had requested that Unger create a blank template for them so they could conveniently receive distributions without generating new paperwork. The findings also included that Unger willfully failed to disclose or timely disclose unsatisfied tax liens on his Form U4. ([FINRA Case #2013036302501](#))

**Michael S. Warner (CRD #5775598, North Baldwin, New York)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Warner consented to the sanction and to the entry of findings that while working as a private client banker for a bank, he converted a retail banking customer's funds to his personal use. The findings stated that Warner obtained access to the customer's personal checking account, purportedly to assist the customer with paying his bills. The customer is bedridden and suffering from multiple sclerosis. In

addition to paying the customer's bills, Warner used his access to the customer's account to electronically pay his own credit card and cable bills in the amount of \$11,134, without the customer's knowledge or consent. The bank has fully reimbursed the customer for the withdrawals made from his account, and Warner has fully reimbursed the bank. ([FINRA Case #2014041874601](#))

**Angelo Xagoraris** ([CRD #2495422](#), San Jose, California) was barred from association with any FINRA member in any capacity and ordered to pay \$14,000 in restitution to a customer. The National Adjudicatory Council (NAC) imposed the sanctions following appeal of an Office of Hearing Officers' (OHO) decision. In light of the bar, no fine was imposed. The sanctions were based on findings that Xagoraris made unsuitable recommendations to customers to purchase variable universal life (VUL) policies that the customers did not have sufficient discretionary income to maintain. The findings stated that Xagoraris recommended to one customer that she liquefy equity in her home to make a payment on a VUL policy and to invest in a mutual fund that was unsuitable. Xagoraris had a conflict of interest because he was the loan officer on the refinancing and recommended the customer use the funds to make investments that provided him a commission. The findings also stated that Xagoraris failed to provide written notice to his member firm that he was engaged in a real estate venture with a customer outside the scope of his relationship with the firm. The findings also included that Xagoraris provided false answers on his firm's compliance questionnaires when he denied that he had accepted a check from firm customers, although he had accepted a \$70,000 check from a customer. Xagoraris' false answers denied the firm the opportunity to review the transaction, which involved significant conflicts of interest. ([FINRA Case #2008012767401/2008013376801](#))

**Derek Neal York** ([CRD #5798549](#), Pelham, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, York consented to the sanction and to the entry of findings that he participated in private securities transactions and failed to provide prior written notice of his participation in the transactions to his member firms. The findings stated that York engaged in an outside business activity, as the owner of a business and its sole employee, without disclosing and providing prior written notice to his firms. ([FINRA Case #2014039815901](#))

**Xiao Yun Yu aka Jessica Yu** ([CRD #5856733](#), Brooklyn, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Yu consented to the sanction and to the entry of findings that she found three blank postal money orders totaling \$1,275 in the branch office of her member firm's affiliated bank. The findings stated that Yu left the money orders on the table in the secure employee space for the first night and then locked them in her desk drawer for safekeeping after that. When no one claimed them, Yu donated two money orders to charity totaling \$275 and used the remaining \$1,000 on personal expenses. The money orders did not belong to Yu and she was not given permission to use the money orders. ([FINRA Case #2012034383201](#))

## Individuals Fined

Harry Appel ([CRD #5915532](#), Lakewood, New Jersey) and Patricia Ivonne Bergman ([CRD #3267615](#), Union, New Jersey) submitted an AWC in which they were each fined \$5,000. Without admitting or denying the findings, Appel and Bergman consented to the sanctions and to the entry of findings that they accepted instructions to allow an individual to transact business in a pension plan account without first obtaining the plan trustee's written authorization or their member firm's written acceptance to do so. The findings stated that Appel and Bergman opened a securities account at the firm on behalf of a pension plan. The only person with written authority to transact business in the pension plan's account was the plan trustee. The plan trustee orally advised Appel and Bergman that they could accept instructions to transact business in the account from the individual, who was a plan participant; however, Appel and Bergman did not obtain the plan trustee's written authorization, or the firm's written acceptance, for the individual to transact business in the account. Nevertheless, Appel and Bergman accepted the individual's orders to purchase stock in the pension plan account. ([FINRA Case #2013036631201](#))

## Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of September 30, 2014. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Raymond Thomas Clark ([CRD #3120696](#), Buffalo, New York) was fined a total of \$20,000, suspended from association with any FINRA member in any capacity for a total of nine months, suspended from association with any FINRA member in any supervisory capacity for three months, and required to requalify by examination as a general securities representative and general securities principal before again acting in those capacities. The suspension in any supervisory capacity shall run consecutively, following the termination of Clark's suspension in any capacity. The sanctions were based on findings that Clark used his personal email account to communicate with a customer about business-related matters without his member firm's knowledge or approval, and in violation of its procedures. The findings stated that as a result, Clark prevented the firm from discharging its record-keeping obligations regarding retaining such correspondence and the supervision of incoming and outgoing correspondence. Clark made false statements to his firm concerning those email communications. At the time, Clark knew that the firm would use the information he provided to respond to FINRA information requests concerning a complaint that the customer had filed with FINRA about Clark's handling of his account. The findings also stated that Clark failed to report to the firm a complaint he received from the customer, accusing him of charging excessive commissions and engaging in the unauthorized use of margin, in violation of his firm's procedures.

This matter has been called for review by the NAC and the sanctions are not in effect pending review. ([FINRA Case #2011027402201](#))

**James Edward Rooney Jr. (CRD #1857754, Carrollton, Texas)** was fined a total of \$75,000, suspended from association with any FINRA member in any capacity for a total of two years, suspended in any supervisory capacity for 18 months and required to requalify as a general securities representative and general securities principal before acting in any capacity requiring either of those qualifications. The sanctions were based on findings that Rooney engaged in private securities transactions involving installment plan contracts without providing prior written notice his member firm. The findings stated that Rooney recommended the installment plan contract to his customer without a reasonable basis for believing it to be a suitable investment. Rooney failed to conduct a reasonable investigation into the organization offering the installment plan contracts and the contracts themselves. Rooney sold the product without conducting due diligence, expecting to receive a commission. The findings also stated that Rooney made negligent misrepresentations of material fact to the customer. Although Rooney may not have known that his representations regarding the organization and the features of the contract were false, a rudimentary investigation would have uncovered it. Rooney also presented oversimplified, incomplete and misleading sales materials to his customer when soliciting the installment plan contract. The findings also included that Rooney failed to adequately supervise a registered representative's sales of the installment plan contracts.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2009019042402](#))

**Jack Brian Weinstock (CRD #4125551, Torrance, California)** was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for six months and ordered to pay deferred disgorgement of \$15,500. The sanctions are based on findings that Weinstock accepted compensation from another person as a result of an outside business activity, without providing prompt written notice to his member firm. The findings stated that Weinstock introduced some of his business contacts to an individual hoping that the introductions would lead to investments in a private placement, and that the investors would elect to use the returns on their investments to purchase high-end insurance products from Weinstock. Weinstock was paid \$15,500 for arranging the introductions. Weinstock's firm discharged him after learning of the introductions.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2010022601501](#))

## Complaints Filed

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

**Candius J. Bannister** ([CRD #5335832](#), Sarasota, Florida) was named a respondent in a FINRA complaint alleging that she borrowed a total of \$31,500 from a customer in contravention of her member firm's procedures and FINRA's rules. The complaint alleges that Bannister has not repaid the loans, as required by promissory notes prepared to evidence the loans. Bannister did not submit any loan request forms to her firm in connection with the loans she received from the customer. The complaint also alleges that Bannister submitted audit questionnaires on an annual basis to her firm from 2007 to 2012, acknowledging her understanding of the firm's procedures. ([FINRA Case #2012033565601](#))

**Warren Carl Buterbaugh** ([CRD #1096581](#), Greensburg, Pennsylvania) was named a respondent in a FINRA complaint alleging that he forged an elderly customer's signature on an annuity withdrawal request form to effectuate the unauthorized withdrawal of the customer's variable annuity. The complaint alleges that the customer wished to change her variable annuity's primary beneficiary after the beneficiary passed away. As a result of Buterbaugh's submission of the form, the customer's variable annuity was surrendered. The customer did not authorize Buterbaugh to surrender her annuity. The complaint also alleges that Buterbaugh willfully failed to amend his Form U4 to disclose tax liens filed against him by the IRS and by the State of Pennsylvania, and willfully failed to amend his Form U4 to disclose a regulatory action by the Pennsylvania Insurance Commission had filed against him. ([FINRA Case #2012034294301](#))

**Tracy Chen** ([CRD #2553295](#), Rowland Heights, California) was named a respondent in a FINRA complaint alleging that she submitted false expense reports and received payments funded by her member firm to which she was not entitled, thereby converting \$1,600 from the firm for her own use and benefit. The complaint also alleges that Chen's preparation of false expense reports submitted to her firm constituted falsification of records and caused the firm to maintain inaccurate books and records. The complaint alleges that Chen prepared or caused to be prepared expense reimbursement requests falsely representing that she had spent \$38,538.52 to purchase clients gifts, when in fact she had not. Before Chen's misconduct was discovered, she received \$22,986.52 in reimbursements for these expense reports. Most of that amount was funded by Chen's pre-tax compensation under a program administered by her firm, and her firm funded the rest (\$1,600). ([FINRA Case #2013036678201](#))



**Bradley Claus** ([CRD #5127951](#), Castle Rock, Colorado) was named a respondent in a FINRA complaint alleging that he participated in private securities transactions with two customers of his member firm and one non-firm customer, in a limited-liability oil and gas company, without providing notice to and receiving approval from his member firm. The complaint alleges that the firm did not offer or authorize Claus to solicit or sell investments in the private securities transaction of the limited-liability company. The complaint also alleges that Claus made material misstatements of fact to a customer in emails regarding a potential investment. Claus knew or was reckless in not knowing that his statements were false or misleading. Claus' firm did not offer or authorize him to solicit or sell the investments. The complaint further alleges that Claus circumvented his firm's supervisory system and procedures by using an unapproved outside email account. Despite the firm's prohibition, Claus used the personal outside email account on multiple occasions to conduct securities business. Claus improperly used the firm's name, firm address and firm phone number in emails from his outside email account. Claus never notified the firm of this email account and prevented his firm from supervising his communications with the public from that email account. ([FINRA Case #2012033520801](#))

**Jonathan A. Francis** ([CRD #5204602](#), Brooklyn, New York) was named a respondent in a FINRA complaint alleging that he aided and abetted third parties who withdrew and converted approximately \$210,000 in cash from bank customers' accounts without the customers' knowledge, authorization or consent. The complaint alleges that while employed with a bank affiliate of a member firm, Francis issued automatic teller machine (ATM) cards in six dead customer's accounts and an ATM card for the account of a customer who subsequently complained of an unauthorized withdrawal of funds from his account. Francis knew that the issuance and distribution of the unauthorized ATM cards was part of an overall scheme to convert funds from bank customers, and he knew that this conduct was improper and illegal. Francis resigned from the bank and his firm shortly after the bank began an investigation into this conduct, but before the bank could interview him about it. The complaint also alleges that Francis failed to respond fully to FINRA's requests for documents and information, and failed to appear for his continued on-the-record testimony. This prevented FINRA from determining whether Francis personally converted any of the funds. ([FINRA Case #2013038988301](#))

**Global Strategic Investments, LLC** ([CRD #117028](#), Miami, Florida) was named a respondent in a FINRA complaint alleging that it failed to detect, investigate and report, where appropriate, suspicious activity related to bond transactions and subsequent wire activity relating to a new business line. The complaint alleges that the firm launched a new business line that immediately generated the majority of its revenues, facilitating currency exchanges through the liquidation of over \$650 million worth of Venezuelan bonds for correspondent accounts of foreign financial institutions located in high-risk jurisdictions, Venezuela and Curacao. The firm failed to establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. Section 5318(g), and failed to establish and implement policies, procedures,

and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder. The firm failed to identify the money-laundering risk associated with the Venezuelan bond accounts, its two largest customers, and their anticipated activity, and failed to adjust its procedures to account for the high-risk nature of this new endeavor. Instead, the firm primarily relied upon its new clients' representations about the legitimacy of the transactions without further reasonable risk-based review to corroborate such representations. The firm's over-reliance upon the client's representations led to failures to detect red flags that should have required additional due diligence on the part of the firm. The firm did not have a sufficient infrastructure (policies, systems and procedures) to adequately monitor this business; nor did it reasonably implement its existing AML compliance program (AMLCP). The firm had an AML monitoring and compliance program, but failed to adequately assess the risk of its Venezuelan bond-liquidation business, and failed to implement many of its due diligence and monitoring requirements and controls with respect to activity in the accounts. The firm's primary ongoing monitoring and periodic review consisted of matching wire requests to liquidation proceeds. The firm was or should have been aware of numerous red flags related to its customers' Venezuelan bond liquidations. ([FINRA Case #2011025676501](#))

**Great Point Capital LLC** ([CRD #114203](#), Chicago, Illinois), **Lawrence R. Kajmowicz** ([CRD #4637591](#), Northbrook, Illinois), **Michael Scott Olson** ([CRD #3021448](#), Oak Park, Illinois) and **Ben James Raatz** ([CRD #4637287](#), Chicago, Illinois) were named respondents in a FINRA complaint alleging that Kajmowicz, Raatz and the firm, acting through Kajmowicz and Raatz, executed a series of small, progressively higher-priced orders for multiple securities in the Nasdaq Continuous Book during the two minutes leading up to the Nasdaq Opening Cross. The complaint alleges that these orders were intended to inflate, and did inflate, the price of each such security in the Nasdaq Continuous Book, so that the firm, Kajmowicz and Raatz could obtain advantageous pricing on imbalance-only (IO) sell orders, which executed at the Nasdaq Opening Cross price. In at least one instance, Raatz and the firm engaged in the same trading activity with respect to a security in the 10 minutes leading up to the Nasdaq Closing Cross. The orders to purchase the security in the Continuous Book in the 10 minutes leading up to the Closing Cross were intended to inflate, and did inflate, the price of the security in the Nasdaq Continuous Book, so that Raatz and the firm could obtain advantageous pricing on IO sell orders, which executed at the Nasdaq Closing Cross price. By intentionally or recklessly raising the reported price of each security, the firm, Kajmowicz and Raatz, acting through Kajmowicz and Raatz, artificially influenced and distorted the market price level of each security, and conveyed false information to the market as to the demand for each security, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

In the alternative, and based on the same conduct, the firm, Kajmowicz and Raatz, acting through Kajmowicz and Raatz, intentionally or recklessly effected transactions in, or induced the purchase or sale of, securities by means of manipulative, deceptive or other fraudulent devices or contrivances, in violation of NASD Rule 2120 and FINRA Rule 2020.

Also in the alternative, and based on the same conduct, the firm, Kajmowicz and Raatz, acting through Kajmowicz and Raatz, engaged in unethical business conduct, i.e., to “push” the price of securities in the Nasdaq Stock Market prior to the Opening and/or Closing Crosses to obtain advantageous pricing on sell orders executed during the Nasdaq Opening and/or Closing Cross.

The complaint also alleges that the firm and Olson had notice of, and ignored, red flags suggesting that firm traders were engaging in potentially manipulative trading activity occurring prior to the Opening Cross and Closing Cross. Despite such notice, the firm and Olson each failed to reasonably supervise the trading activity of firm traders, and failed to establish and maintain a system to supervise the trading activities of the firm’s proprietary traders that was reasonably designed to detect and prevent them from engaging in potentially manipulative, or otherwise improper, trading activity prior to the Opening Cross and Closing Cross. The firm and Olson failed to establish, maintain, and enforce reasonable WSPs with respect to trading activity occurring prior to the Opening Cross and Closing Cross. The firm and Olson each failed to reasonably supervise the trading activity of a direct market access (DMA) customer to detect and prevent potential manipulative “layering” transactions, and failed to establish, maintain and enforce reasonable supervisory procedures, including WSPs, designed to monitor and review the trading activity of the DMA customer to detect and prevent potential “layering” transactions.

The complaint further alleges that that the firm and Olson knowingly failed to retain trader-to-trader electronic communications. As a result, the firm willfully violated Securities Exchange Act of 1934 Rule 17a-4(b)(4). The firm did not have any effective means or supervisory review in place to enforce compliance with any provisions of the firm’s policy relating to electronic communications. Olson failed to establish, maintain, and enforce an effective system of supervision and WSPs reasonably designed to address the supervision and review of trader-to-trader electronic communications. Olson also failed to take reasonable steps to ensure that any other supervisor(s) with delegated authority regarding the supervision of electronic communications reasonably and diligently carried out those duties. In addition, the complaint alleges that the firm failed to establish, maintain and enforce a reasonable system of supervision, including adequate WSPs, with respect to short-sale transactions. ([FINRA Case #2008014822702](#))

**Margaret Kopecki** ([CRD #1260147](#), Winnetka, Illinois) was named a respondent in a FINRA complaint alleging that she converted at least \$18,293 of an elderly customer’s funds for her personal benefit. The complaint alleges that Kopecki did not have the customer’s permission or authority to use the customer’s funds. The complaint also alleges that Kopecki received two checks from the customer totaling \$75,000 to sponsor an annual community outreach program. Kopecki deposited the checks into her personal bank account, commingling the customer’s funds with her own personal funds. The complaint further alleges that Kopecki willfully failed to amend her Form U4 to disclose an unsatisfied civil judgment. ([FINRA Case #2011030781201](#))

**Darrell Wayne Mikulencak** ([CRD #2661351](#), Washington, Missouri) was named a respondent in a FINRA complaint alleging that he made unauthorized use of a notary public's seal and forged the notary public's signature on various documents associated with broker-dealer accounts. The complaint alleges that at no time did Mikulencak obtain permission or have the authority to sign the individual's name or to use the individual's notary seal in connection with the documents or for any other purpose. The complaint also alleges that Mikulencak failed to appear for FINRA-requested on-the-record interviews as part of its investigation into allegations Mikulencak's forgery. ([FINRA Case #2013037950901](#))

**Aon Douglas Miller** ([CRD #3083225](#), Chattanooga, Tennessee) was named a respondent in a FINRA complaint alleging that he participated in private securities transactions with various entities in which four of his member firm's customers invested a total of \$1,550,000. The complaint alleges that at no time were any of the entities in which the customers invested on the list of approved investment products at Miller's firm. Miller did not provide prior written notice or a full and detailed description of the investment to his firm about any of the transactions. ([FINRA Case #2012034393801](#))

**Share Financial Services, Inc.** ([CRD #11226](#), Dallas, Texas) and **Charles Herbert Major** ([CRD #2748243](#), Dallas, Texas) were named respondents in a FINRA complaint alleging that the firm, acting through Major, its President and CCO, conducted a securities business while failing to maintain its required minimum net capital. The complaint alleges that as a result, the firm willfully violated of Section 15(c) of the Securities Exchange Act of 1934 and Rule 15c3-1 thereunder. The complaint also alleges that the firm, acting through Major, had inaccurate books and records and inaccurate net capital computations. The firm's net capital deficiencies and certain accounting errors also caused the firm to maintain inaccurate books and records and to file an inaccurate Financial and Operational Combined Uniform Single (FOCUS) report with FINRA. As a result, the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934, and Rules 17a-3(a)(2), 17a-3(a)(11) and 17a-5(a)(2)(ii) thereunder. The complaint further alleges that the firm sent communications to the public that contained language that was oversimplified, incomplete, failed to provide a sound basis for evaluating the facts with respect to the products and services being offered, and contained unwarranted and/or misleading statements and claims. ([FINRA Case #2012030729402](#))

**Sumner James Starbird** ([CRD #2857200](#), St. Petersburg, Florida) was named a respondent in a FINRA complaint alleging that after incurring \$600 in overdraft fees in his personal account at his member firm, Starbird improperly reversed those fees, without authorization, in a deceptive manner, to avoid paying the fees. ([FINRA Case #2013038544601](#))

**SWS Financial Services, Inc. ([CRD #17587](#), Dallas, Texas)** was named a respondent in a FINRA complaint alleging that it had inadequate supervisory systems and WSPs to supervise its variable annuity securities business. The complaint alleges that the firm failed to establish and maintain specific supervisory systems and WSPs that were reasonably designed to achieve compliance with deferred variable annuities and FINRA's general supervisory requirements. In connection with variable annuity transactions the firm's registered representatives had recommended, the firm's securities principals did not have a reasonable basis to believe that certain of the transactions that they approved were in fact suitable for the customers. The complaint also alleges that the firm failed to have a registered principal review and determine whether he or she approved of the recommended purchase or exchange of the deferred variable annuity prior to the transmission of the customer's application for the deferred variable annuity to the issuing insurance company for processing. The complaint further alleges that the firm failed to implement surveillance procedures to determine if any of its associated persons had rates of effecting deferred variable annuity exchanges that raised for review whether such rates of exchanges evidenced conduct inconsistent with the applicable provisions of NASD and FINRA rules or the federal securities laws. The firm also failed to have policies and procedures designed to implement corrective measures to address inappropriate exchanges and the conduct of associated persons who engage in inappropriate exchanges. In addition, the complaint alleges that the firm failed to develop and document specific training policies or programs to ensure that registered principals who reviewed variable annuity transactions had adequate knowledge to monitor for compliance with FINRA rules. ([FINRA Case #2011025622001](#))

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

**Capital Path Securities, LLC (CRD #104363)**  
Middle Island, New York  
(September 25, 2014)

**JetTrade, Inc. (CRD #102440)**  
Cincinnati, Ohio  
(September 25, 2014)

**Vega-Chi US Limited (CRD #158017)**  
New York, New York  
(September 25, 2014)

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**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.)

**Crystal Dawn Abraham (CRD #6140331)**  
Rossford, Ohio  
(September 16, 2014)  
FINRA Case #2014039988201

**Leeann Vickie Allison (CRD #6021970)**  
Maggie Valley, North Carolina  
(September 19, 2014)  
FINRA Case #2014041109001

**Ricky Darnell Ausbon (CRD #1798015)**  
Scotch Plains, New Jersey  
(September 2, 2014)  
FINRA Case #2013039472001

**Robert Stack Beyer II (CRD #2602180)**  
Kirkwood, Missouri  
(September 16, 2014)  
FINRA Case #2014039658801

**Maria Ann Binette (CRD #1317548)**  
East Hartford, Connecticut  
(September 26, 2014)  
FINRA Case #2012033823701

**Paul William Carpenter (CRD #2568650)**  
Burton, Michigan  
(September 23, 2014)  
FINRA Case #2013037001901

**Donny Shin Chung (CRD #2239458)**  
Hoffman Estates, Illinois  
(September 16, 2014)  
FINRA Case #2014041158401

**Jerry Allen Cicolani Jr. (CRD #2170580)**  
Richfield, Ohio  
(September 15, 2014)  
FINRA Case #2014041327601

**Carlos Juan Cruz (CRD #5293087)**  
Manalapan, New Jersey  
(September 29, 2014)  
FINRA Case #2013036261501

**Valiece Terry Davis (CRD #2236597)**  
Sterling Heights, Michigan  
(September 19, 2014)  
FINRA Case #2013038208701

**Dale Robert Delpit Jr. (CRD #5747155)**  
Fruitland, Florida  
(September 29, 2014)  
FINRA Case #2014039693601

**Gregory Jack Dent (CRD #2438323)**  
Macon, Georgia  
(September 30, 2014)  
FINRA Case #2013038185401

**Jeffrey Lee Gainer (CRD #4370704)**  
Akron, Ohio  
(September 15, 2014)  
FINRA Case #2014041327401

**Eric Griego (CRD #5600606)**  
Salt Lake City, Utah  
(September 29, 2014)  
FINRA Case #2014039718801

**Brett William Hagen (CRD #812847)**  
Centreville, Virginia  
(September 30, 2014)  
FINRA Case #2014040486601

**Kelly Catherine Hood (CRD #6048976)**  
Richfield, Ohio  
(September 16, 2014)  
FINRA Case #2014041327701

**Timothy Gordon Larsen (CRD #6054434)**  
Prescott, Arizona  
(September 2, 2014)  
FINRA Case #2014040160701

**Michael L. Leveque (CRD #5205289)**  
Swampscott, Massachusetts  
(September 2, 2014)  
FINRA Case #2013039559801

**Fred Thomas Marino Jr. (CRD #1141375)**  
McAllen, Texas  
(September 2, 2014)  
FINRA Case #2013038575301

**Lesly Briana Meeky (CRD #5898071)**  
Hattiesburg, Mississippi  
(September 2, 2014)  
FINRA Case #2014039710601

**Baltazar Herrera Morales (CRD #5125990)**  
St. George, Utah  
(September 2, 2014)  
FINRA Case #2014039748301

**Jason Andrew Muskey (CRD #3061013)**  
Moosic, Pennsylvania  
(September 29, 2014)  
FINRA Case #2014041524402

**Addo Yaw Okyere (CRD #3247814)**  
Jamaica, New York  
(September 2, 2014)  
FINRA Case #2013037732601

**Stewart Dibrell Patridge (CRD #3095012)**  
South Haven Mississippi  
(September 30, 2014)  
FINRA Case #2014040562301

**Paul Pikulin (CRD #5163996)**  
Brooklyn, New York  
(September 15, 2014)  
FINRA Case #2014040953101

**Patrick Jean Francis Pinon (CRD #5893411)**  
Baldwin, New York  
(September 19, 2014)  
FINRA Case #2013038721001

**Anthony Dean Robbins (CRD #4746894)**  
 Mooresville, North Carolina  
(September 29, 2014)  
FINRA Case #2013039522401

**Blake Martin Sallee (CRD #3074967)**  
Versailles, Kentucky  
(September 2, 2014)  
FINRA Case #2013039287301

**Marcos A. Santana (CRD #5367628)**  
New York, New York  
(September 2, 2014)  
FINRA Case #2013039520101

**Jack Ibrahim Tawasha (CRD #2263634)**  
San Mateo, California  
(September 2, 2014)  
FINRA Case #2013038430301

**Jovan Samuel Thompson (CRD #6206426)**  
Robbinsdale, Minnesota  
(September 2, 2014)  
FINRA Case #2013039371501



**Robert Cotton Thurmond (CRD #5059250)**  
Langley, Washington  
(September 23, 2014)  
FINRA Case #2013036170901

**Anne Katherine Walker (CRD #3147541)**  
Phoenix, Arizona  
(September 2, 2014)  
FINRA Case #2014040246601

**Lonnie Ray Wellman (CRD #4566014)**  
Winston Salem, North Carolina  
(September 29, 2014)  
FINRA Case #2013038213601

**Ross Allen Whitesell (CRD #5034021)**  
Williamsport, Pennsylvania  
(September 30, 2014)  
FINRA Case #2014040141901

**Delroy Wilson (CRD #1748739)**  
Brooklyn, New York  
(September 2, 2014)  
FINRA Case #2013037749201

**Keith Franklin Wooley (CRD #5816842)**  
Jackson, Tennessee  
(September 3, 2014)  
FINRA Case #2014040039301

**Ndessah Yombe (CRD #6145154)**  
Silver Spring, Maryland  
(September 2, 2014)  
FINRA Case #2013039082101

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

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

**Shelton Dewey Johnson (CRD #1898016)**  
Freeport, New York  
(September 25, 2014)  
FINRA Case #2013037562401

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**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.)

**Emily Maureen Allred (CRD #5408119)**  
Clinton, Utah  
(September 8, 2014)  
FINRA Case #2014040575501

**Edwin Alvarez (CRD #5571844)**  
Cranston, Rhode Island  
(September 22, 2014)  
FINRA Case #2014039736601

**Corina Oikam Chan (CRD #5304574)**  
Elmhurst, New York  
(September 15, 2014)  
FINRA Case #2014041201901

**Jenna Lynn Connett (CRD #4927980)**  
North Middletown, New Jersey  
(September 11, 2014)  
FINRA Case #2014041817901

**Karl Robert Dierman (CRD #4588870)**  
Columbus, Nebraska  
(September 8, 2014)  
FINRA Case #2014040915901

**Luis Espinoza (CRD #6179627)**  
Santa Ana, California  
(September 15, 2014)  
FINRA Case #2013037117601

**David Jay Homan (CRD #1516973)**  
Saginaw, Michigan  
(September 22, 2014)  
FINRA Case #2014041191501

**Charles Damien Johnson (CRD #2695637)**  
Huntington Station, New York  
(September 2, 2014)  
FINRA Case #2012035315401

**Jonathan Ellsworth LaBarre (CRD #4260287)**  
Oak Park, Michigan  
(September 15, 2014 – September 23, 2014)  
FINRA Case #2014041257201

**David Alexander Lange (CRD #4198134)**  
Meridian, Idaho  
(July 21, 2014 – September 22, 2014)  
FINRA Case #2014040505801

**Edward Beale McLean IV (CRD #2265670)**  
St. Louis, Missouri  
(September 29, 2014)  
FINRA Case #2013038085901

**Lori Ann Monte (CRD #1293974)**  
Brick, New Jersey  
(September 8, 2014)  
FINRA Case #2013038062601

**Ashley Platt (CRD #6303312)**  
Liverpool, New York  
(September 22, 2014)  
FINRA Case #2014041201601

**Kamil Z. Rak (CRD #5968494)**  
Chicago, Illinois  
(September 8, 2014)  
FINRA Case #2014041136201

**German Francisco Rivero-Zerpa (CRD #2807003)**  
New York, New York  
(September 2, 2014)  
FINRA Case #2014040334501

**Jeffrey Alan Schumaker (CRD #2014844)**  
Lafayette, Indiana  
(September 22, 2014)  
FINRA Case #2014041473601

**Edward Robert Sitton (CRD #1236373)**  
Chandler, Arizona  
(September 15, 2014)  
FINRA Case #2013037762701/FPI140009

**Frederick Paul Skoda (CRD #6008036)**  
Detroit Lakes, Minnesota  
(September 22, 2014)  
FINRA Case #2013038731301

**Kathy Jo Springer-Hesman (CRD #1348104)**  
Fremont, Nebraska  
(September 5, 2014)  
FINRA Case #2014041827101

**Tony Edward Tucker Jr. (CRD #1194084)**  
Tulsa, Oklahoma  
(September 5, 2014)  
FINRA Case #2014040648201

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**Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554**

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

**Niyukt Raghu Bhasin (CRD #2282048)**  
Wellington, Florida  
(September 3, 2014)  
FINRA Arbitration Case #12-03702

**William Dean Chapman Jr. (CRD #2465420)**  
Great Falls, Virginia  
(September 9, 2014)  
FINRA Arbitration Case #11-02601

**Ronald Moschetta (CRD #1100365)**

Lido Beach, New York  
(September 15, 2014)  
FINRA Arbitration Case #11-04582

**Arthur James Penna (CRD #851814)**

Southfield, Michigan  
(September 8, 2014)  
FINRA Arbitration Case #12-02473

**Wayne Timothy Roys (CRD #4019076)**

Fort Collins, Colorado  
(September 22, 2014)  
FINRA Arbitration Case #11-04801

**Matthew Albert Ryer (CRD #4655803)**

Toms River, New Jersey  
(September 8, 2014 – October 15, 2014)  
FINRA Case #20140416928/ARB140036

**Matthew A. Tarrance (CRD #4516353)**

Safety Harbor, Florida  
(September 9, 2014)  
FINRA Arbitration Case #13-01259