

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

JTA Securities Management, Inc., dba Titan Securities ([CRD® #131392](#), Addison, Texas) and Brad Curtis Brooks ([CRD #1584633](#), Frisco, Texas)

June 29, 2021 – The firm and Brooks appealed a National Adjudicatory Counsel (NAC) decision to the Securities and Exchange Commission (SEC). The firm was fined \$100,000, jointly and severally, with Brooks. Brooks was suspended from association with any FINRA® member in any principal and supervisory capacity for two years and required to requalify by examination as a principal. The NAC modified the findings and sanctions imposed by the Office of Hearing Officers (OHO). The sanctions were based on findings that the firm and Brooks failed to supervise a registered representative's limited partnership activities as an outside business activity (OBA) and Brooks did not conduct a reasonable investigation of the limited partnership activities in light of red flags of which he was aware. The findings stated that after Brooks learned about the limited partnership through a routine email review, he asked the representative to provide a written explanation of his involvement with it. The representative's written response raised a number of red flags. In addition, when the SEC raised concerns that the representative was engaged in OBAs in the limited partnership, Brooks did nothing to further investigate, but rather simply quoted the representative's denials in his response to the SEC. The firm's and Brooks' failures resulted in significant losses to investors. The findings also stated that the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 17a-4 thereunder by failing to preserve emails. The firm and Brooks failed to maintain and enforce adequate written supervisory procedures (WSPs) for the capture, review and retention of the firm's securities-related emails. The firm, through Brooks, failed to preserve emails concerning its securities business that were sent to and from the personal email accounts of the representative and other firm registered representatives. The findings also included that the firm and Brooks willfully violated Section 10(b) of the Exchange Act, Rule 10b-9 thereunder and FINRA Rule 2010 by making false and misleading statements about another limited partnership in a private placement memorandum (PPM). The firm and Brooks misrepresented in the offering PPM that purchases by the issuer's general partner would not count towards the minimum offering amount. In fact, Brooks, who controlled the general partner, caused the general partner to take loans to purchase units in the offering and used those purchases as a basis for claiming that the minimum offering amount had been met. Brooks acted intentionally in contravention of the terms of the PPM so that the issuer could capture a business opportunity. FINRA also found that the firm willfully violated Section 15(c) of the Exchange Act, Rule 15c2-4 thereunder and FINRA Rule 2010 by releasing this limited partnership's investor funds from escrow prior to raising the minimum offering amount from bona fide investors.

The sanctions are not in effect pending review. ([FINRA Case #2013035345701](#))

Reported for August 2021

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).

Firms Fined

Alpine Securities Corporation ([CRD #14952](#), Salt Lake City, Utah)

June 7, 2021 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted inaccurate data to the Order Audit Trail System (OATS™) in certain Reportable Order Events (ROEs) sampled for review. The findings stated that these inaccurate OATS submissions consisted of combined order/execution reports with inaccurate account type codes and orders reported with an inaccurate order received timestamp. The firm attributed these reporting errors to its transition to a new order management system. The findings also stated that the firm failed to report to the over-the-counter Reporting Facility™ (OTCRF) the riskless portion of a riskless-principal transaction in certain transactions sampled for review. The firm also attributed these reporting failures to its transition to a new order management system. ([FINRA Case #2018057162401](#))

JTA Securities Management, Inc. dba Titan Securities ([CRD #131392](#), Addison, Texas)

June 8, 2021 – An AWC was issued 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 assumed a registered representative's disclosure related to a previously disclosed OBA and failed to reasonably review the disclosure and evaluate whether the activity was properly characterized as an OBA or whether it should be treated as an outside securities activity. The findings stated that the representative disclosed to the firm that he intended to engage in the sale of a product, a structured cash flow investment that purchased pensions at a discount from pensioners and then sold a portion of those pensions as a pension stream to investors, away from the firm, for compensation, through a previously disclosed OBA. The OBA approval form that the representative submitted described the activity and services or products offered as future income payments and structured cash flow and described the duties relating to the OBA as sale of structured cash flows. The firm determined the disclosure related to the representative's previously approved OBA without any investigation or inquiry into the product. The firm approved the representative's participation in the sale of the product, and he sold \$1,510,839.15 of the product to investors, most of which were firm customers. ([FINRA Case #2019061705101](#))

G1 Execution Services, LLC ([CRD #111528](#), Chicago, Illinois)

June 9, 2021 – An AWC was issued in which the firm was censured, fined \$575,000 and ordered to pay \$816,618.75, 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 provide best execution to orders from its clients on behalf of their customers in over-the-counter (OTC) securities by failing to use reasonable diligence to ascertain the best market for the subject securities and by failing to buy or sell in such a market so that the resultant prices to the customers were as favorable as possible under prevailing market

conditions. The findings stated that the firm, at times, missed better priced messages and thus did not execute the customer's order at the best available price as a result of its manual process for comparing customer orders it received in OTC securities. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve best execution for customer orders in OTC securities. The supervisory system failed to account for price opportunities available through its electronic messaging service when evaluating the execution quality of the customer orders. Since the firm's supervisory system excluded reviews of prices available in the messages, it had no way to determine if its customer orders received an inferior execution to one available via the messages. The findings also included that the firm either failed to make reasonable efforts to execute against the market maker's quotation within 30 seconds of receipt of the customer's order which would have allowed the firm to display the customer limit order, or take alternative steps of immediately routing, executing or canceling the customer order for orders that would have locked or crossed the firm's quote or another firm's quote. The firm also failed to immediately display sample customer orders that did not lock or cross a displayed quote due to technology issues. FINRA found that the firm's supervisory system was not reasonably designed to achieve compliance with limit order display obligations because its daily exception reports did not include orders that would have locked or crossed the market, orders that had an initial action taken within 30 seconds or orders that were received before a specific time. As a result, orders that could lead to violations were not being reviewed. ([FINRA Case #2014041944901](#))

Samuel A. Ramirez & Company, Inc. ([CRD #6963](#), New York, New York)

June 14, 2021 – An AWC was issued in which the firm was censured, fined \$35,000 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 failed to submit accurate minimum denominations and maximum interest rates to the Municipal Securities Rulemaking Board's (MSRB) Short-term Obligation Rate Transparency (SHORT) system. The findings stated that the firm, as a program dealer for auction rate securities, submitted information regarding the result of an auction or interest rate reset to the SHORT system, but failed to report a minimum denomination for submissions involving 11 Committee on Uniform Security Identification Procedures (CUSIPs) and inaccurately reported the maximum interest rate for submissions involving five CUSIPs. The minimum denomination reporting failures occurred because the firm's reporting system, which transmits data to the MSRB's Electronic Municipal Market Access system (EMMA) for SHORT reporting, did not require the entry of the minimum denomination field. When the firm submitted information to EMMA regarding certain CUSIPs, it did not populate the minimum denomination field, and rather than rejecting the report as incomplete, the system accepted the submission and populated the field with a zero. The maximum interest reporting failures occurred because the firm reported the auction's interest rate rather than the auction rate securities' maximum interest rate. The findings also stated that the firm failed to record in its books and records the accurate maximum rates applicable at the time of certain interest

rate resets. The findings also included that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to ensure compliance with the reporting requirements of MRSB Rule G-34. The firm's WSPs related to SHORT system reporting were only operational in nature and were limited to describing the steps to be taken when submitting information to the SHORT system. The firm however, lacked a supervisory system, including WSPs, to review the accuracy of the information it submitted to the SHORT system, such as an exception report to alert the firm to make corrections when it received the confirmation file from the MSRB. ([FINRA Case #2018057742101](#))

Cantor Fitzgerald & Co. ([CRD #134](#), New York, New York)

June 15, 2021 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in OTC equity securities. The findings stated that in certain situations, the firm locked or crossed quotations in OTC equity securities and either did not contact other market participants prior to locking or crossing the market, or otherwise failed to take reasonable steps to unlock or uncross the market. The firm's policies and procedures designed to avoid locking and crossing quotations in OTC equity securities did not provide its traders with reasonable guidance for how to avoid or resolve a locked or crossed market. The findings also stated that the firm failed to establish, maintain and enforce WSPs that were reasonably designed to achieve compliance with FINRA Rule 6437. The firm's supervisory manual that required a supervisor to review a report that identified each instance of locked or crossed markets in OTC equity securities, did not specify the process by which the supervisor was required to review the instances that were identified by the firm's supervisory system. In addition, while the firm updated its WSPs, they still failed to provide any guidance on to how to perform a supervisory review for whether a trader was locking or crossing the market. Later, the firm sold its wholesale OTC market making business and ceased conducting business that would require compliance with FINRA Rule 6437. ([FINRA Case #2016050863601](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York)

June 15, 2021 – An AWC was issued in which the firm was censured and fined \$350,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its supervisory system, including written procedures, was not reasonably designed to ensure that employees timely uploaded PDF statements and that the firm timely reviewed employees' personal trading. The findings stated that the firm failed to promptly request statements appearing on missing statement exception reports and failed to formally discipline employees who were significantly and repeatedly delinquent in uploading their PDF statements. As a result of these delays, the firm had incomplete records from which to conduct its review, resulting in its failure to timely identify instances where employees did not appropriately pre-clear transactions, in

violation of its personal employee trading policy. In addition, there were significant delays in the firm's internal compliance risk management group's assignment of PDF statements to analysts for supervisory review and in the analysts' completion of their reviews. This was due in substantial part to a staffing shortage that existed in the compliance group and resulted in a significant backlog of PDF statements that were uploaded and awaiting review. The firm also failed to reasonably ensure that the employees' supervisors reviewed PDF statements on a timely basis. Certain of the supervisory delays were due to a technological mapping error in the firm's employee due diligence system that caused it, in certain circumstances, to fail to notify supervisors that they had pending PDF statements requiring review. The mapping error existed from the time of the firm's implementation of the system to when the firm identified the problem in connection with responding to inquiries from FINRA. ([FINRA Case #2019064316401](#))

Clearpool Execution Services, LLC ([CRD #168490](#), New York, New York)

June 18, 2021 – An AWC was issued in which the firm was censured and fined a total of \$300,000, of which \$195,000 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Rule 203(b)(1) of Regulation SHO of the Exchange Act by effecting principal short sales without obtaining locates to facilitate client short sale orders on a riskless principal basis. The findings stated that the firm incorrectly believed that it did not have to obtain a locate, so long as its clients obtained locates for their short sale orders. While trading as riskless principal, the firm, upon receipt of a client short sale order, effected a principal short sale in the same security on an exchange or other execution venue and then satisfied the client order by buying the security as principal at the same price. However, the firm had a separate locate obligation with respect to the short sales it effected for its own account. The firm effected the short sale orders for its own account without borrowing the securities, entering into bona-fide arrangements to borrow the securities, or having reasonable grounds to believe that the securities could be borrowed so that they could be delivered on the date delivery was due. The findings also stated that the firm reported short sale transactions to the FINRA/ New York Stock Exchange (NYSE) trade reporting facility without a short sale indicator. When the firm satisfied client short sale orders as riskless principal, it bought securities from a client that was selling short. The firm incorrectly believed a short sale indicator was not required in this circumstance. The findings also included that the firm violated section 17(a) of the Exchange Act and Rule 17a-3(a)(1) thereunder by failing to maintain accurate blotters of its purchases and sales of securities. When the firm purchased a security from its client to satisfy a client sale order, it inaccurately recorded the execution of a client sale order, rather than a purchase for its own account. Likewise, when the firm sold a security to its client to satisfy a client buy order, it inaccurately recorded the execution of a client buy order, rather than a sale for its own account. ([FINRA Case #2016048613101](#))

Farmers Financial Solutions, LLC ([CRD #103863](#), Westlake Village, California)

June 21, 2021 – An AWC was issued 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 failed to establish and maintain a reasonably designed supervisory system to achieve compliance with applicable securities laws and regulations with respect to its variable universal life insurance contracts (VUL) business. The findings stated that the firm had information indicating that VUL policies were lapsing but failed to take reasonable steps to identify why the lapses occurred and whether the sales of VULs to the particular customers were suitable and to monitor the registered representatives involved. If a VUL lapsed within certain time parameters set by the issuer, the VUL issuer would claw back the commission paid to the firm and registered representative. The firm's finance department, as well as the representative's direct supervisor, were aware when these claw backs occurred. This information, however, was not shared with the firm's principals who reviewed proposed VUL transactions. In addition, the firm did not have any exception reports or other tools that would enable it to identify representatives with high lapse rates. Therefore, the firm could not identify and follow up on representatives with high lapse rates or unusual transaction patterns, such as selling new VULs to customers whose previous VULs had lapsed. As a result of this unreasonable supervisory system, the firm did not identify a representative who amassed a lapse rate of approximately 40 percent. The same representative also made repeat sales of VULs to customers whose VULs had previously lapsed, which the firm's system did not identify. The findings also stated that the firm failed to establish and maintain a reasonably designed supervisory system to achieve compliance with applicable securities laws and regulations with respect to its mutual fund business. The firm used several exception reports to monitor its mutual fund business, including reports that identified potentially unsuitable mutual fund switch transactions, missed breakpoint discounts and a bypass report to identify and follow up on instances where representatives opened new mutual fund accounts for customers with mutual fund companies without submitting them to firm principals, thereby bypassing the review and approval process. The firm had insufficient resources and relied on a manual review of the reports. The switch and breakpoint reports included inaccurate or incomplete information and had other data issues that further delayed their review. In order to follow up on transactions included on the bypass report, the firm's surveillance team undertook an extensive manual review process. As a result of these issues, the firm was several months behind in its review of the reports. Although senior management of the firm became aware of the backlog, the firm did not implement any substantive improvements to its supervisory system and the backlog persisted. As a result, the firm failed to review hundreds of mutual fund transactions in a timely fashion. ([FINRA Case #2017052173001](#))

Cetera Advisor Networks LLC ([CRD #13572](#), El Segundo, California)

June 25, 2021 – An AWC was issued in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it caused registered representatives, who the firm was recruiting, to take nonpublic personal customer information from the broker-dealers where the

representatives were then registered and to disclose it to a third-party vendor without the other broker-dealers' or the customers' knowledge or consent, causing those broker-dealers to violate the SEC's Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Information. The findings stated that the firm understood that the vendor would collect information about the recruited representatives' customers, including nonpublic personal information such as customers' social security numbers, driver's license numbers and birth dates, as well as information pertaining to their financial position. Once a recruited representative became registered through the firm, the vendor used the customers' information to automatically pre-populate new account forms. The firm directly reimbursed the newly affiliated registered representatives for their use of the vendor. The firm failed to take any steps to verify whether the recruited representatives or their broker-dealers at the time had notified customers about the disclosure of their nonpublic personal information. Nor did the firm take any steps to verify whether customers had been given an opportunity to opt-out of having their information disclosed. ([FINRA Case #2020066875501](#))

Sidoti & Company, LLC ([CRD #102860](#), New York, New York)

June 25, 2021 – An AWC was issued in which the firm was censured, fined \$105,000 and ordered to certify to FINRA that it has completed a review of its systems and written procedures regarding required disclosures in research reports and that its systems and written procedures are reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published research reports in which it failed to accurately disclose certain information required by FINRA Rule 2241(c). The findings stated that the firm failed to accurately disclose: investment banking and other compensation it received from companies, in research reports covering those same companies; that it had acted as a co-manager for public offerings of securities issued by companies in research reports covering those same companies; and the percentage of companies within each of the buy, hold and sell rating categories for which the firm provided investment banking services. The findings also stated that the firm's disclosure issues resulted from its failure to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its research disclosure obligations. The WSPs did not assign to one or more individuals within the firm responsibility for obtaining and inputting into its internal disclosure database used to prepare the disclosures timely and accurate information related to investment banking services provided to, and investment banking and other compensation received from, subject companies. The WSPs also did not specify who would review the research reports to ensure that the disclosures were present or provide guidance as to how such a review would be conducted, when it would occur and how it would be documented. The firm, as part of its supervisory system, also did not reasonably monitor and review the database that was used to prepare the disclosures or the reports themselves to ensure that the disclosures were actually included. ([FINRA Case #2019061155401](#))

Individuals Barred

Nicholas R. Palumbo ([CRD #1069948](#), Katonah, New York)

June 2, 2021 – An AWC was issued in which Palumbo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Palumbo consented to the sanction and to the entry of findings that he refused to produce documents and information requested by FINRA in connection with an alleged private securities transaction referenced in the Uniform Termination Notice for Securities Industry Registration (Form U5) filing submitted by his member firm. The findings stated that FINRA also requested documents and information in order to investigate his potential involvement with OBAs. ([FINRA Case #2020066651001](#))

Louis Paul Kreisberg ([CRD #1352881](#), New York, New York)

June 3, 2021 – An AWC was issued in which Kreisberg was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kreisberg consented to the sanction and to the entry of findings that he refused to produce documents requested by FINRA during the course of an investigation of his potential participation in private placement offerings. The findings stated that Kreisberg initially responded to FINRA, however, certain requested documents were not produced, and he ultimately refused to produce them or participate further in the investigation. ([FINRA Case #2019064980201](#))

Grant Christopher Birkley ([CRD #2933533](#), Algonquin, Illinois)

June 4, 2021 – An AWC was issued in which Birkley was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Birkley consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA during the course of its investigation of a Form U5 filed by his member firm. The findings stated that the firm filed the Form U5 stating that it discharged Birkley after he admitted making referrals to an outside asset manager without the firm's approval. ([FINRA Case #2020067641401](#))

Cynthia Komarek ([CRD #1188714](#), Prairie Grove, Illinois)

June 4, 2021 – An AWC was issued in which Komarek was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Komarek consented to the sanction and to the entry of findings that she refused to provide documents and information requested by FINRA during the course of its investigation of a Form U5 filed by her member firm. The findings stated that the Form U5 stated Komarek was discharged after she admitted making referrals to an outside asset manager without the firm's approval. ([FINRA Case #2020067641402](#))

Mario Everildo Rivero Jr. ([CRD #5856503](#), Red Bank, New Jersey)

June 4, 2021 – An AWC was issued in which Rivero was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rivero consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA in connection with its investigation of allegations made by his former customers. ([FINRA Case #2021071160701](#))

Arthur Mansourian ([CRD #5252154](#), Sherman Oaks, California)

June 8, 2021 – An SEC decision became final in which Mansourian was barred from association with any FINRA member in all capacities with a right to reapply for association with a FINRA member firm in two years. The SEC affirmed the findings and modified the sanctions imposed by the NAC. The SEC reduced the bar imposed by FINRA to a bar with the right to reapply for association after two years. The sanction was based on findings that Mansourian participated in an effort to obtain falsified compliance records from associated persons and provided them to FINRA. The findings also stated that Mansourian caused his member firm to maintain inaccurate books and records when he evaded its email retention system by soliciting backdated compliance forms using his personal email account. Mansourian's requests for backdated compliance forms, and the responses he elicited, were business-related communications that his firm was required to preserve. Mansourian also specifically requested that recipients provide their responses to him at his personal address or an unlogged fax number that the firm shared with other businesses that a firm principal operated. While the SEC agreed with FINRA's finding that aggravating factors predominated in Mansourian's misconduct, the SEC found that it was mitigating that Mansourian was inexperienced at the time of his misconduct. ([FINRA Case #2013037522501](#))

Salvatore Pizzimenti ([CRD #2879580](#), Staten Island, New York)

June 11, 2021 – An AWC was issued in which Pizzimenti was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pizzimenti consented to the sanction and to the entry of findings that he refused to provide on-the-record testimony requested by FINRA in connection with its investigation into his trading of customer accounts. ([FINRA Case #2019060753501](#))

Robert A. Lax ([CRD #1985758](#), Warwick, New York)

June 14, 2021 – An AWC was issued in which Lax was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lax consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA regarding his OBAs. The findings stated that Lax responded to portions of the request but did not provide certain categories of the information and documents requested. Lax acknowledges that he received FINRA's request and will not produce the outstanding information and documents at any time. ([FINRA Case #2020069019701](#))

Marc Romeyn Lippman ([CRD #1575995](#), Washington, DC)

June 17, 2021 – An AWC was issued in which Lippman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lippman consented to the sanction and to the entry of findings that he provided false information to FINRA during on-the-record testimony stating that he was unaware that his customer was deceased at the time of entering a securities transaction in the customer's account. The findings stated that this matter originated from a Form U5 filed by Lippman's member firm reporting his termination for alleged misconduct involving statements he made to the firm regarding the date he became aware of the customer's death. The findings also stated that Lippman effected an unauthorized transaction in the deceased customer's account. Lippman was aware that the customer had died and placed a trade in the customer's account, selling approximately \$80,000 in securities, without permission or consent. Following the transaction, Lippman distributed the funds to one of the customer's family members. ([FINRA Case #2021071514101](#))

Carlos Arturo Hurtado ([CRD #5111878](#), New York, New York)

June 22, 2021 – An AWC was issued in which Hurtado was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hurtado consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into his possible participation in a private securities transaction. ([FINRA Case #2021071002501](#))

Hung Brandon Ly ([CRD #5500875](#), Burbank, California)

June 22, 2021 – An AWC was issued in which Ly was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ly consented to the sanction and to the entry of findings that he failed to provide information and documents and to appear for testimony requested by FINRA in connection with an investigation it initiated following his member firm's filing of a Rule 4530 disclosure concerning his termination. The findings stated that Ly made a partial production responsive to the requests for documents and information but failed to produce the outstanding information by the due date. ([FINRA Case #2020065906301](#))

Arieh Israel ([CRD #6481347](#), Jersey City, New Jersey)

June 23, 2021 – An AWC was issued in which Israel was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Israel consented to the sanction and to the entry of findings that he converted an insurance customer's funds. The findings stated that Israel accepted a blank, signed check from the customer that was intended for the customer's policy premium. Israel then completed the check by making it payable to himself for \$3,229 and deposited it into his own personal bank account. Israel did not submit the funds for the customer's premium payment and instead used the customer's money to pay for his own personal expenses. The customer did not give Israel permission or authorization to use funds for personal use. Israel did not repay any of the funds to the customer. ([FINRA Case #2020065370301](#))

Cesar Gabriel Hernandez ([CRD #3249722](#), Miami, Florida)

June 24, 2021 – An AWC was issued in which Hernandez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hernandez consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an examination of his member firm's anti-money laundering (AML) program. ([FINRA Case #2019064249401](#))

Michael Scott Farris ([CRD #6478510](#), Seguin, Texas)

June 25, 2021 – An AWC was issued in which Farris was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Farris consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with an investigation by his member firm's parent property and casualty insurance company of allegations concerning his payment of premiums on behalf of insurance customers. The findings stated that the firm filed a Form U5 on Farris' behalf, stating that his association with the firm was terminated because of these allegations. Farris failed to provide certain categories of requested documents and information. Farris then failed to respond to a second request and informed FINRA that he did not intend to respond at any time in the future. ([FINRA Case #2020068393101](#))

Daniel E. Jossen ([CRD #5463761](#), Washington, DC)

June 25, 2021 – An AWC was issued in which Jossen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jossen consented to the sanction and to the entry of findings that he refused to produce information requested by FINRA in connection with a Form U5 filed for him, explaining that he was permitted to resign after it was discovered he solicited business in a jurisdiction in which he was not licensed, misrepresented the terms of variable products and maintained client log-in credentials in an outside brokerage account to process financial transactions. ([FINRA Case #2021070319901](#))

Nathan Gersteen Katz ([CRD #846475](#), Belleair, Florida)

June 25, 2021 – An AWC was issued in which Katz was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Katz consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with its investigation into his alleged recommendations of short-term switching of mutual funds, forgery of customer signatures on switch letters, use of discretion without authorization and failure to timely disclose certain judgments and liens. ([FINRA Case #2018057352601](#))

George Louis McCaffrey III ([CRD #847377](#), Littleton, Colorado)

June 25, 2021 – An AWC was issued in which McCaffrey was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McCaffrey consented to the sanction and to the entry of findings that he provided false information to FINRA during a prior investigation and participated in \$270,000 of private securities transactions, without prior written disclosure to, and approval from, his member firm. The findings stated that McCaffrey previously consented to findings that he participated in undisclosed private securities transactions in which investors, including a firm customer, purchased debt and equity securities. During the course of the investigation, FINRA issued a request to McCaffrey asking that he provide a list of all OBAs in which he engaged away from his firm. McCaffrey's then attorney responded that McCaffrey had no other OBAs other than his involvement in the company that was the subject of his prior AWC. During the prior investigation, McCaffrey produced a chart of individuals who invested in the subject company identified in FINRA's request, detailing the amount of each investment and the compensation he received. McCaffrey did not identify any other private securities transactions that he had participated in other than the transactions that formed the basis of his prior AWC. However, McCaffrey participated in private securities transactions in which additional individuals, who were not firm customers, purchased securities issued by the subject company. In addition, contrary to his representations made in connection with his prior disciplinary action, McCaffrey participated in another private securities transaction with an individual, who was not a firm customer, involving a separate, but related company. ([FINRA Case #2019064024001](#))

Wilfredo Felix Jr. ([CRD #2693672](#), North Amityville, New York)

June 28, 2021 – Felix appealed a NAC decision to the SEC. Felix was barred from association with any FINRA member in all capacities. A suspension, fine and requirement to requalify as a Financial and Operations Principal (FINOP) were assessed but not imposed in light of the bar. The NAC affirmed the findings and sanctions imposed by the OHO. The sanction was based on the findings that Felix failed to comply with FINRA's requests for an Internal Revenue Service wage and income transcript in connection with its investigation into expense misclassifications. The findings stated that Felix made false expense entries in his member firm's general ledger and caused the firm to maintain inaccurate books and records and file inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. Felix also falsely recorded his personal expenses as firm expenses in its general ledger. Felix caused the firm's books, records and FOCUS reports to significantly overstate business expenses and understate compensation to himself.

The bar is in effect pending review. ([FINRA Case #2018058286901](#))

Matthew Alexander Perry (CRD #5985300, Columbia, Missouri)

June 28, 2021 – An AWC was issued in which Perry was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Perry consented to the sanction and to the entry of findings that he refused to produce documents and information and to appear for on-the-record testimony requested by FINRA in connection with its investigation that began after receiving a Form U5 amendment from his member firm disclosing a customer complaint alleging failure to follow the customer's stated goals and failure to disclose risks associated with options trading. The findings stated that although Perry initially cooperated with FINRA's investigation by responding to requests for documents and information, he eventually ceased doing so. Perry acknowledged that he received FINRA's requests and will not be producing the information or documents requested or appear for on-the-record testimony. ([FINRA Case #2019062348301](#))

Michael Thomas Carl (CRD #3023492, Barrington, Illinois)

June 30, 2021 – An AWC was issued in which Carl was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carl consented to the sanction and to the entry of findings that he made improper use of his member firm's funds by submitting altered invoices and fabricated emails to the firm, causing it to pay expenses in excess of \$19,000 to vendors, on behalf of two of its advisory clients that were not entitled to have those expenses paid. The findings stated that the altered invoices and fabricated emails were submitted in order to cause the firm to pay vendors for purported consulting services provided to an advisory client when, in fact, no such services had been provided to that client. Carl wanted the firm to pay the vendors for services it had provided to the two advisory clients that did not have expense agreements with the firm. The findings also stated that Carl engaged in an undisclosed OBA wherein he was a principal of a holding company that he used to rent his family's vacation property. Carl later began using the company to provide consulting services to investment advisors, including clients of his firm. Carl solicited a firm advisory client to enter into a contract with the company. Part of the services the company agreed to provide was obtaining the best custodian for the client, which represented a conflict of interest in that Carl's job at the firm entailed, in part, attracting advisory clients to the firm's custodial services. Similarly, Carl solicited another firm client to contract with the company. The proposed agreement, that was never executed, contained a confidentiality provision prohibiting it from being disclosed to the firm and conditioned favorable firm pricing if the client were to become a client of the company. Carl was compensated for his work for the company, including receiving more than \$40,000. Carl failed to provide written notice to the firm of the company at any time, including when it began providing consulting services. In addition, Carl falsely answered "no" when asked on multiple annual firm compliance questionnaires if he had a disclosable OBA, including whether he had received compensation or had a reasonable expectation of compensation through a business activity outside of the firm. ([FINRA Case #2019062574901](#))

Christopher George Orlando ([CRD #4136262](#), Staten Island, New York)

June 30, 2021 – An AWC was issued in which Orlando was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Orlando consented to the sanction and to the entry of findings that he engaged in quantitatively unsuitable trading in customer accounts. The findings stated that Orlando recommended high frequency trading in the customers' accounts, and he often recommended the sale of one security and the simultaneous investment of the sale proceeds into a new security within short time periods. Orlando's customers routinely followed his recommendations and, as a result, he exercised de facto control over the customers' accounts. Orlando's trading in the customers' accounts was excessive and unsuitable given the customers' investment profiles. As a result of Orlando's excessive trading, the customers suffered collective realized losses of \$483,680, while paying total trading costs of \$581,216, including commissions of \$496,872. ([FINRA Case #2017056432603](#))

Individuals Suspended

Alisha T. Johnson ([CRD #4001356](#), Fort Worth, Texas)

June 1, 2021 – An AWC was issued in which Johnson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that she improperly used her member firm's funds by seeking and obtaining reimbursement of \$1,234.98 by submitting expense reports mischaracterizing personal travel and meal expenses as business expenses.

The suspension is in effect from June 7, 2021, through December 6, 2021. ([FINRA Case #2020065429701](#))

Todd Farrell Sherman ([CRD #3259162](#), Rye Brook, New York)

June 2, 2021 – An AWC was issued in which Sherman was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Sherman consented to the sanctions and to the entry of findings that he signed the name of his member firm's chief compliance officer (CCO) on securities deposit approval forms without the CCO's knowledge or permission. The findings stated that Sherman then submitted the forms to the firm's clearing firm, thereby bypassing the firm's supervisory system and misrepresenting that the deposits had been reviewed and approved by the firm's CCO.

The suspension is in effect from June 7, 2021, through December 6, 2021. ([FINRA Case #2016047624502](#))

Woong Seong Hwang (CRD #4400271, Paramus, New Jersey)

June 3, 2021 – An AWC was issued in which Hwang was fined \$5,000, suspended from association with any FINRA member in all capacities for 45 business days and required to attend and satisfactorily complete 20 hours of continuing education regarding AML within 90 days of his reassociation with a FINRA member firm. Without admitting or denying the findings, Hwang consented to the sanctions and to the entry of findings that he circumvented his member firm’s “know your customer” due diligence for foreign accounts by falsely certifying in its electronic account opening system that a customer, a non-U.S. citizen residing in Korea, was a U.S. citizen who resided in New Jersey. The findings stated that because the customer did not satisfy the minimum balance requirement for foreign accounts, Hwang and the customer agreed to use the New Jersey address of a mutual friend to open a domestic account for the customer. Later, the firm opened subaccounts for the customer after Hwang again certified that the information recorded in the firm’s systems regarding the customer’s citizenship and address was accurate. The findings also stated that Hwang’s conduct caused the firm to maintain inaccurate books and records.

The suspension is in effect from July 6, 2021, through September 7, 2021. ([FINRA Case #2017055132601](#))

Ricardo Turlan (CRD #4431836, Boerne, Texas)

June 3, 2021 – An AWC was issued in which Turlan was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Turlan consented to the sanctions and to the entry of findings that he effected trades in customer accounts using discretion without the customers’ prior written authorization and without his member firm accepting the accounts as discretionary in writing. The findings stated that Turlan caused the firm to maintain inaccurate books and records by mismarking trades as unsolicited when they should have been marked as solicited.

The suspension was in effect from June 7, 2021, through August 6, 2021. ([FINRA Case #2019063490102](#))

Matthew Gregory Zanowiak (CRD #1142281, Lancaster, Pennsylvania)

June 7, 2021 – An AWC was issued in which Zanowiak was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Zanowiak consented to the sanctions and to the entry of findings that although his customers knew that he was exercising discretion in their accounts, he did not have prior written authorization to do so from any of the customers. The findings stated that Zanowiak’s member firm also had not approved any of the accounts for discretionary trading.

The suspension was in effect from July 6, 2021, through July 19, 2021. ([FINRA Case #2019060749103](#))

Thomas Clark Cleary (CRD #2221383, Fairfax Station, Virginia)

June 8, 2021 – An AWC was issued in which Cleary was fined \$10,000 and suspended from association with any FINRA member in all capacities for one year. The Division of Securities and Retail Franchising of the Virginia State Corporation Commission has previously fined Cleary \$35,000 for the same misconduct at issue in this AWC. Without admitting or denying the findings, Cleary consented to the sanctions and to the entry of findings that he engaged in an OBA by serving as the executor of his elderly customer's estate without providing prior written notice to either of his member firms. The findings stated that Cleary had a reasonable expectation of compensation for serving as executor because the laws of the District of Columbia, which governed the customer's will, entitled him to reasonable compensation for services. The customer later died, and Cleary probated her will the following month. Cleary never notified his first firm of his appointment or service as executor, and also failed to disclose that he continued to serve as executor to the second firm until after an anonymous letter was sent to his managers stating that he was executor and beneficiary of a customer's estate. In addition, Cleary inaccurately reported on both of the firms' annual compliance questionnaires that he was not an executor for any non-family member. The findings also stated that Cleary circumvented the first firm's policy by failing to notify it that he was beneficiary of the customer's estate and taking steps to conceal from the firm his beneficiary status. As beneficiary, Cleary was entitled to assets in the customer's estate worth over \$4 million. After the customer's death, Cleary contacted insurance companies to de-link certain annuities, held by the customer outside of the firm, from her firm account statements, which meant that the firm was not informed when Cleary terminated the policies after inheriting them from the customer. Cleary also inaccurately reported on the first firm's annual compliance questionnaire that he was not named as a beneficiary for a client who was not a family member.

The suspension is in effect from July 6, 2021, through July 5, 2022. ([FINRA Case #2019063955801](#))

Scott S. Niekamp (CRD #3277810, Wildwood, Missouri)

June 9, 2021 – An AWC was issued in which Niekamp was fined \$10,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Niekamp consented to the sanctions and to the entry of findings that he engaged in OBAs without providing prior written notice to his member firm. The findings stated that the firm approved Niekamp's request to invest and participate in an OBA with a company that develops senior living facilities. Niekamp told the firm that, as a passive investor, his activities would be limited to reviewing corporate documents, attending quarterly board meetings and filing tax returns. Niekamp later updated his OBA disclosures to reflect he was no longer involved with the developing company. However, Niekamp engaged in other OBAs on behalf of the developing company. Niekamp also received a two percent ownership interest in a limited liability company that provides technology solutions for senior living facilities and partnered with the developing

company on several potential projects. Niekamp did not disclose the additional OBAs he conducted through the developing company or his membership interest and activities on behalf of the technology solutions company to the firm until later. Niekamp also made false statements regarding his OBAs on compliance questionnaires. The findings also stated that Niekamp made two loans totaling \$450,000 to a firm customer without notifying, or obtaining prior approval from, the firm. Niekamp's customer and friend approached him about a possible loan to assist the customer in obtaining bank financing and covering payroll taxes for his business. Niekamp and his wife loaned the customer \$250,000 via a check drawn on their joint account. Later, Niekamp and his wife loaned the customer another \$200,000. Niekamp also falsely stated on a compliance questionnaire that he had not loaned money to a firm customer.

The suspension is in effect from July 6, 2021, through October 5, 2021. ([FINRA Case #2018057421801](#))

Peter Bruce Suyama ([CRD #1404564](#), Manakin Sabot, Virginia)

June 10, 2021 – An AWC was issued in which Suyama was fined \$5,000 and suspended from association with any FINRA member in all capacities for 20 days. Without admitting or denying the findings, Suyama consented to the sanctions and to the entry of findings that he participated in a private securities transaction involving a purchase of preferred shares of a bio-technology company without providing prior written notice to or obtaining his member firm's approval for the transaction. The findings stated that Suyama purchased the preferred shares directly from the company, did not make the investment through the firm and the transaction occurred outside the scope of his employment with the firm. Suyama also falsely attested on a firm annual compliance questionnaire that he had not participated in any private securities transactions.

The suspension was in effect from July 6, 2021, through July 25, 2021. ([FINRA Case #2019064900501](#))

Michael Joseph Riccio ([CRD #2529322](#), Naples, Florida)

June 11, 2021 – An AWC was issued in which Riccio was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Riccio consented to the sanctions and to the entry of findings that he participated in OBAs without prior written notice to his member firm. The findings stated that Riccio was a notary public and provided notary services to firm customers. However, Riccio also provided notary and Medicaid application preparation services to the mother of a former customer and received approximately \$3,600 in compensation for those services without seeking approval from the firm. In addition, Riccio provided a false and misleading compliance attestation to the firm because he did not disclose his notary services as an OBA.

The suspension is in effect from July 6, 2021, through September 5, 2021. ([FINRA Case #2020065607801](#))

Michael Brent Bertino ([CRD #6189176](#), Austin, Texas)

June 15, 2021 – An AWC was issued in which Bertino was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Bertino consented to the sanctions and to the entry of findings that he improperly used funds by submitting \$7,492.87 in personal travel and meal expenses for reimbursement as business expenses.

The suspension is in effect from June 21, 2021, through June 20, 2022. ([FINRA Case #2020065997801](#))

Dennis Domingo Cummings Perez ([CRD #2923607](#), Mayaguez, Puerto Rico)

June 16, 2021 – An AWC was issued in which Cummings Perez was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 business days. Without admitting or denying the findings, Cummings Perez consented to the sanctions and to the entry of findings that he instructed his sales assistant to use pre-signed, but otherwise blank, letters of authorization to effect transfers between customers' accounts. The findings stated that Cummings Perez instructed his sales assistant to make the transfers after receiving instructions from the customers, a married couple who authorized the transfers. The findings also stated that Cummings Perez caused his member firm to create and maintain inaccurate books and records.

The suspension is in effect from July 19, 2021, through September 20, 2021. ([FINRA Case #2020065347501](#))

John Carter Braddock ([CRD #1282733](#), Salida, Colorado)

June 17, 2021 – An AWC was issued in which Braddock was suspended from association with any FINRA member in all capacities for five months. In light of Braddock's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Braddock consented to the sanction and to the entry of findings that he prepared and distributed a PPM that negligently misrepresented and omitted facts relevant to an investment in a private placement. The findings stated that Braddock solicited prospective investors to purchase equity interests in a private placement of a company whose business purpose was to export beverages from the U.S. to foreign markets. Braddock, as the export company's founder, chairman and chief executive officer, prepared the PPM for the offering, which was reviewed and approved by his member firm. The PPM failed to disclose that Braddock had previously declared bankruptcy and entered into a debt reorganization and repayment plan that was confirmed prior to when he began soliciting investors. Given other statements in the memorandum regarding his financial background, Braddock's bankruptcy filing was a material fact that should have been disclosed to investors. In addition, the PPM negligently misstated that another company, owned and controlled by Braddock, had invested a portion of its earnings, including working capital, into the export company. In fact, Braddock's other company had not invested any cash into the export company. The earnings and working capital reflected, instead, Braddock's

estimate of the value of work that his other company had performed prior to the export company's formation, which he believed were of value to the export company's business. Characterizing the value of such work as earnings and working capital was misleading because it gave investors inaccurate information. Specifically, that the export company had more liquid capital to operate its business than was the case.

The suspension is in effect from June 21, 2021 through November 20, 2021. ([FINRA Case #2019064696501](#))

Kevin Marshall McCallum (CRD #2222586, Birmingham, Alabama)

June 17, 2021 – An AWC was issued in which McCallum was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in all capacities for one year, ordered to pay \$1,222,092.29, plus interest, in deferred restitution to customers and ordered to pay deferred disgorgement in the amount of \$14,231.61, plus interest. Without admitting or denying the findings, McCallum consented to the sanctions and to the entry of findings that he made unsuitable recommendations to 12 customers, four that were over the age of 60 and seven that invested retirement funds, resulting in their overconcentration in a high-risk, publicly-traded business development company that exhibited signs of financial distress, even though the customers had low or moderate risk tolerances and investment objectives and lacked any prior experience investing in this type of company. The findings stated that McCallum's recommendations resulted in the customers concentrating as much as approximately 17 percent to over 60 percent of their liquid net worth in the company. McCallum's recommendations generated commissions to his member firm totaling \$37,492.78, \$14,231.61 of which was paid to McCallum. The company's stock price continued to decline, and the customers began to file arbitration claims against McCallum's firm concerning his recommendations of the company, which precipitated FINRA's investigation. A customer who realized losses from the sale of her positions obtained payment from the firm in connection with resolving her arbitration claims. Four other customers sold their positions and realized losses totaling \$1,222,092.29. The findings also stated that McCallum sent emails to certain of these and other customers about the company that contained unwarranted and exaggerated claims, opinions and forecasts, did not provide a fair and balanced treatment of the risks and benefits of the investment and contained promissory statements.

The suspension is in effect from June 21, 2021, through June 20, 2022. ([FINRA Case #2019062569501](#))

Eric Peter Burton (CRD #3113849, Oak Brook, Illinois)

June 22, 2021 – An AWC was issued in which Burton was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Burton consented to the sanctions and to the entry of findings that he falsified variable annuity replacement disclosure forms that he submitted to his member firm. The findings stated that on each form, Burton falsely stated that gaining a

stepped-up death benefit was one of the reasons that the variable annuity exchange was suitable for the customer. In fact, as Burton knew, each variable annuity that was to be replaced had a stepped-up death benefit that, unbeknownst to his firm, was removed at his recommendation immediately prior to the time he recommended the variable annuity exchange. Burton recommended to his customers that the death benefits be removed from the existing variable annuities in order to make his recommended exchanges look to his firm as though they were more advantageous to the customer than they were, even though each of the forms identified other, accurate reasons why each exchange was suitable for the customer. The findings also stated that Burton caused his firm to maintain inaccurate books and records.

The suspension is in effect from July 19, 2021, through October 18, 2021. ([FINRA Case #2017055447501](#))

Robert Brandon Prettyman (CRD #5613767, Bear, Delaware)

June 22, 2021 – An AWC was issued in which Prettyman was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Prettyman consented to the sanctions and to the entry of findings that he reused customers' signatures on documents for account openings and transactions, including distribution requests, and, on certain documents, altered the signature date and/or other information with ink and correction fluid. The findings stated that Prettyman then submitted the documents to his member firm. The underlying transactions were all authorized and none of the customers complained.

The suspension is in effect from July 19, 2021, through August 18, 2021. ([FINRA Case #2019062974201](#))

Danielle Matson (CRD #4140827, Mound, Minnesota)

June 23, 2021 – An AWC was issued in which Matson was fined \$2,500 and suspended from association with any FINRA member in all capacities for 21 days. Without admitting or denying the findings, Matson consented to the sanctions and to the entry of findings that she entered false customer information into her member firm's customer account profile system, thereby causing the firm to maintain inaccurate books and records. The findings stated that following the firm's upgrade of the system adding required fields for customer liabilities and trusted contact, on certain occasions when updating a customer account profile, Matson falsely entered "Less than \$50,000" for the customer's liabilities and on certain other occasions, falsely entered "None or none available" for the customer's trusted contact. These entries were false, in that they did not represent the customers' liabilities or trusted contacts and each of the entries became part of the customers' account record in the firm's books and records. No customer losses resulted from these entries.

The suspension was in effect from July 19, 2021, through August 8, 2021. ([FINRA Case #2019063728601](#))

Kelly Wayne Feehrer (CRD #1470328, Cleveland, Tennessee)

June 25, 2021 – An AWC was issued in which Feehrer was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Feehrer consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of unit investment trusts (UITs) in customer accounts. The findings stated that Feehrer recommended that customers roll over UITs prior to their maturity date. On certain of those occasions, Feehrer recommended that his customers roll over a UIT before its maturity date in order to purchase a subsequent series of the same UIT that generally had the same or similar investment objectives and strategies as the prior series. Feehrer's recommendations caused his customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions. Feehrer's customers will receive reimbursement of these excess sales charges from his member firm in connection with FINRA's separate settlement with the firm.

The suspension is in effect from July 19, 2021, through October 18, 2021. ([FINRA Case #2018060356501](#))

Scott Ryland Mathews (CRD #1314735, Calabash, North Carolina)

June 25, 2021 – An AWC was issued in which Mathews was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Mathews consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of UITs in customer accounts. The findings stated that Mathews recommended that his customers roll over UITs prior to their maturity and use the proceeds to purchase a new UIT. Of those early rollovers, on certain occasions Mathews recommended that his customers roll over a UIT before its maturity date in order to purchase a subsequent series of the same UIT, which generally had the same or similar investment objectives and strategies as the prior series. Mathews' recommendations caused his customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions. Those customers will receive reimbursement of these excess sales charges from Mathews' member firm in connection with FINRA's separate settlement with it.

The suspension is in effect from July 6, 2021, through October 5, 2021. ([FINRA Case #2018060359901](#))

Martin John Petela (CRD #5587657, Miami Beach, Florida)

June 29, 2021 – An AWC was issued in which Petela was fined \$5,000, suspended from association with any FINRA member in all capacities for three months and ordered to pay \$7,653.21, plus interest, in restitution to a customer. Without admitting or denying the findings, Petela consented to the sanctions and to the entry of findings that he engaged in excessive and unsuitable trading in a customer account. The findings stated that although the customer's account had an average monthly equity of approximately \$33,600, Petela

recommended that the customer place trades with a total principal value of more than \$588,000. Collectively, the trades that Petela recommended caused the customer to pay \$7,653.21 in commissions and other trading costs that resulted in an annualized cost-to-equity ratio in excess of 20 percent, meaning that the customer's account would have to grow by more than 20 percent annually just to break even.

The suspension is in effect from July 19, 2021, through October 18, 2021. ([FINRA Case #2020066888001](#))

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 June 30, 2021. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary & Other Actions.

Christopher Peter Tranchina ([CRD #5657849](#), Neptune, New Jersey)

June 4, 2021 – Tranchina appealed an OHO decision to the NAC. Tranchina was barred from association with any FINRA member in all capacities. A suspension and fine were not imposed in light of the bar. The sanction was based on the findings that Tranchina engaged in conversion and unauthorized access to member firm information by breaking into his former firm's offices and taking customer files. The findings stated that a managing partner at the firm and its parent company told Tranchina that his agent contracts with the firm and its parent company were terminated. Tranchina was also told not to return to the office, that any customer files that he shared with a certain adviser would remain with that adviser at the firm, and that the firm would give him client files, minus any firm or parent company content, that the adviser was not part of. The firm's position about the client files was unacceptable to Tranchina. Tranchina then drove to the firm after business hours, entered the firm office suite through a door with a lock that he knew did not work, and used a broom to knock out ceiling tiles and opened his locked office door from the inside. Once inside the office, Tranchina grabbed as many files as he could carry off his desk and did not attempt to separate his personal files from the files he grabbed, nor did he take any of his personal effects. When confronted by a cleaning crew supervisor, Tranchina gave a false name. However, the supervisor identified Tranchina by a framed photograph in his office. The following week, the managing partner made a report with the police on behalf of the firm that Tranchina had engaged in a burglary. About a week later, Tranchina returned a box of materials to the firm in response to demands from the parent company and two calls from the police. The firm and the parent company did not agree that Tranchina had returned all the materials he had taken after his termination and the parent company reiterated its demand that Tranchina return any client files of which he was still in possession, along with an itemized list of the items he removed from the firm's office.

Tranchina's lawyer mailed to the parent company's lawyers a second set of documents that included confidential information about firm and parent company customers, describing them as being the remaining firm and parent company files in Tranchina's possession. Unconvinced that Tranchina returned all the files he had taken; the firm began a criminal proceeding against him through a sworn complaint in New Jersey municipal court. While Tranchina faced potential imprisonment and a fine if convicted, he ultimately obtained a conditional dismissal of the proceedings. The findings also stated that Tranchina willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose the criminal proceeding that resulted from his misconduct. Tranchina received a complaint-summons from the municipal court accusing him of committing the offense of theft by unlawfully taking or exercising control of certain movable property, and criminal mischief by recklessly or negligently damaging property belonging to the firm. Tranchina did not tell his new firm about the complaint-summons, his court appearances, or the conditional dismissal when they occurred. Although Tranchina amended his Form U4 three times since joining the new firm, each time he answered no to the question that asks if he has ever been charged with a misdemeanor involving the wrongful taking of property. The complaint-summons accused Tranchina of a misdemeanor for Form U4 purposes.

The sanction is not in effect pending review. ([FINRA Case #2018058588501](#))

Adam James Makkai (CRD #4025159, Castle Rock, Colorado)

June 28, 2021 – Makkai appealed an OHO decision to the NAC. Makkai was fined \$2,000 and suspended from association with any FINRA member in all capacities for 10 business days. The sanctions were based on findings that Makkai improperly paid commissions to an unregistered person. The findings stated that Makkai's member firm terminated the employment of a colleague of his for allegedly borrowing money from a client without giving the firm prior notice and for being a joint owner of a bank account with a client in violation of firm policies. Makkai agreed in principle to buy the colleague's entire book of business. Immediately after the colleague's termination, the firm transferred all the former customer brokerage and advisory accounts to Makkai. While Makkai and the colleague were still negotiating the terms of the sale of the business, the colleague asked Makkai to pay him the brokerage commissions and advisory fees that his former accounts generated and Makkai agreed to this arrangement. The colleague agreed that Makkai could pay himself \$1,000 per month from the commissions and fees. The firm paid Makkai commissions and advisory fees twice per month by directly depositing them into a new personal checking account that Makkai had opened for that specific purpose. Using his firm email account, Makkai sent his colleague copies of his firm brokerage commission and advisory fee statements for his former accounts, together with pages from his personal bank account showing that the firm had transferred the funds to him. After deciding he no longer was interested in the colleague's business, Makkai backed out of the negotiations. By this time, Makkai made commission payments to his colleague, who was not registered, totaling

\$27,037. Makkai did not ask his colleague to return any of the commissions that he had paid him. During this same time period, Makkai completed the firm's annual compliance questionnaire, certifying that he understood that he was prohibited from paying or otherwise directing transaction-based compensation to another person without prior firm approval. Makkai did not disclose to the firm that he was paying commissions to the colleague.

The sanctions are not in effect pending review. ([FINRA Case #2018058924502](#))

Complaints Filed

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

Elizabeth Ann Sollars ([CRD #6606776](#), West Terre Haute, Indiana)

June 7, 2021 – Sollars was named a respondent in a FINRA complaint alleging that she failed to provide information and documents and failed to appear and provide on-the-record testimony requested by FINRA in connection with its investigation into allegations that she misappropriated insurance customer premium payments. ([FINRA Case #2020065292102](#))

Marc Augustus Reda ([CRD #2757330](#), New York, New York)

June 15, 2021 – Reda was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5 and violated FINRA Rule 2020 by churning in customer accounts. The complaint alleges that Reda exercised de facto control of the trading in, and made the trading decisions for, customers' accounts. The customers relied on Reda to make securities recommendations and consistently followed those recommendations. Reda also exercised control in instances when he made unauthorized transactions in the customer accounts. The complaint also alleges that Reda recommended securities transactions in the customers' accounts that were excessive and quantitatively unsuitable for each of the customers in light of their investment profiles. In excessively trading the customers' accounts, Reda maximized his own financial benefit at the expense of his customers, generating costs of \$264,734 and causing realized losses of \$232,043 on accounts with an aggregate average monthly account value of \$262,234. While the investment profiles of the customers varied, none of the customers agreed to trade in such a way that would deplete their accounts with little hope of making a profit, while also enriching Reda. The complaint further alleges that Reda had no reasonable basis to believe that the investment strategy he recommended

to his customers was, in light of the cumulative costs, suitable. Reda recommended his costly active trading strategy to his customers without understanding the potential risks and rewards, failed to consider the effect of the strategy's costs on his customers' ability to generate a profit and did not conduct any research or analysis, or seek any guidance, on whether his strategy could be profitable given the cumulative costs incurred through the implementation of his strategy. Reda did not understand what cost-to-equity ratios and turnover rates were and consequently failed to consider and calculate these metrics when recommending and executing his active trading investment strategy in his customers' accounts. In addition, the complaint alleges that although Reda had an obligation to know his customers prior to recommending a securities transaction or strategy to them, he recommended both a speculative investment strategy and, to implement that strategy, recommended speculative securities transactions to three customers without a reasonable basis to believe the recommended strategy and individual securities transactions were suitable for those customers based on their investment profiles, including their investment objectives of balanced growth or growth. As it relates to the three customers, Reda was unaware of their investment objectives, risk tolerances and other information identified in their new account forms prior to making his recommendations to them. Moreover, the complaint alleges that Reda executed transactions in six customers' nondiscretionary accounts without their prior authorization or consent. Furthermore, the complaint alleges that when executing buy transactions in 22 customers' accounts using the proceeds of sale transactions from three days earlier, Reda charged excessive commissions. Reda intentionally waited to execute the buy transactions to circumvent his member firm's supervisory review of commissions of more than five percent on proceeds transactions. The commissions Reda charged were excessive, unfair and unreasonable taking into consideration all relevant circumstances, including that he did not disclose to his customers, prior to effecting the transactions, that he would charge such high commissions. The complaint alleges that Reda willfully failed to disclose customer complaints alleging sales practice violations on his Form U4 and also willfully failed to timely amend his Form U4 to disclose an unsatisfied tax lien and an unsatisfied tax warrant, totaling \$225,929.49. ([FINRA Case #2019063526901](#))

Blair Edwards Olsen ([CRD #1545765](#), Carefree, Arizona)

June 16, 2021 – Olsen was named a respondent in a FINRA complaint alleging that he willfully failed to amend and to timely amend his Form U4 to disclose, or to timely disclose, criminal felony charges. The complaint alleges that Olsen was indicted on seven counts of aggravated harassment. Olsen failed to inform his member firm of his arrest or the felony charges in the indictment. The firm learned of the indictment when a customer contacted them after learning on the internet that Olsen had been arrested. In addition, Olsen was indicted in a new criminal matter with one count of aggravated harassment. Olsen amended his Form U4 on multiple occasions, but they were incomplete and inaccurate because he failed to disclose that he had been charged with the felony in the second indictment. The complaint also alleges that Olsen failed to produce information

and documents requested by FINRA in connection with its investigation into his felony charges. Olsen, through his attorney, provided a partial, limited response to the requests. The complaint further alleges that Olsen failed to appear for on-the-record testimony requested by FINRA. Olsen's on-the-record testimony was material to FINRA's investigation of his failure to disclose and to timely disclose the felonies charged by the indictments on his Form U4. ([FINRA Case #2018058798802](#))

Michael John Giovannelli ([CRD #4989449](#), North Massapequa, New York)

June 17, 2021 – Giovannelli was named a respondent in a FINRA complaint alleging that he made unauthorized transactions in a senior customer's non-discretionary account. The complaint alleges that the unauthorized trades generated trading costs of approximately \$2,281, including \$1,380 in commissions, and caused \$1,494 in realized losses. The customer filed a complaint with Giovannelli's member firm concerning the trading in his account and after investigating the matter, the firm reversed the unauthorized trades and discharged Giovannelli. The complaint also alleges that Giovannelli provided false documents to FINRA in connection with its investigation into his unauthorized trading in the customer's account. As part of its investigation into Giovannelli's unauthorized transactions, FINRA requested that Giovannelli produce copies of his telephone records for a time period that included the unauthorized transactions. In response, Giovannelli provided altered phone records to FINRA to give the false impression that he spoke with, and received authorization from, the customer before making the unauthorized trades. The complaint further alleges that Giovannelli provided false testimony to FINRA at his on-the-record interview. Giovannelli denied altering any of the records that he produced to FINRA and falsely claimed he spoke with, and received authorization from, the customer before every trade. In addition, the complaint alleges that Giovannelli made discretionary trades in other customer accounts without obtaining the customers', or his firm's, prior written authorization. ([FINRA Case #2019061941101](#))

StockKings Capital LLC ([CRD #164445](#), New York, New York) and Gregory Antonius Lewis ([CRD #2793976](#), St. Petersburg, Florida)

June 28, 2021 – The firm and Lewis were named respondents in a FINRA complaint alleging that they created and transmitted investment materials that made false, exaggerated, misleading, promissory and unwarranted claims about the firm, its majority owner company and a platform they were purportedly developing. The complaint alleges that in these documents, the firm and Lewis falsely claimed they had received a patent, overstated the progress the firm had made toward bringing its platform to market, falsely claimed the firm's platform was stalled due to a FINRA materiality consultation and made baseless and unwarranted valuation claims and revenue projections. The complaint also alleges that the firm willfully violated Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-5 thereunder by failing to maintain accurate books and records and FOCUS reports, and that Lewis caused the firm to maintain inaccurate books and records, which were in turn used to create FOCUS reports that inaccurately understated his compensation and overstated

the firm's expenses. Lewis caused the firm to misclassify more than \$42,000 of his personal expenses as business expenses of the firm on its general ledger and in other of the firm's books and records and directed the firm's FINOP to classify Lewis' personal expenses as business expenses of the firm. The complaint further alleges that the firm failed to make all of the required disclosures with respect to the intended use of proceeds, offering expenses and the amount of selling compensation to be paid in its offering documents and, relatedly, failed to timely file offering documents with FINRA for three separate member private offerings. ([FINRA Case #2019060648701](#))

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

Northern Securities, Inc. (CRD #37037)
Medina, Minnesota
(June 14, 2021)

Wolverine Securities, LLC (CRD #172711)
Chicago, Illinois
(June 14, 2021)

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

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

Crowdfunder Financial Services Inc. dba CFI Securities (CRD #284750)
Los Angeles, California
(April 15, 2021 – June 15, 2021)

G.F. Investment Services, LLC (CRD #132939)
McDonough, Georgia
(June 21, 2021)

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.)

Lorenzo Atkins (CRD #6348394)
Toledo, Ohio
(June 28, 2021)
FINRA Case #2020067955901

Samantha Christine Beasley (CRD #6757771)
Pflugerville, Texas
(June 8, 2021)
FINRA Case #2020068457001

Cyntera Ann Belser (CRD #6974662)
Detroit, Michigan
(June 14, 2021)
FINRA Case #2020067794901

Annie T. Boghossian (CRD #6663483)
Glendale, California
(June 7, 2021)
FINRA Case #2020068913601

Tiffany S. Burgess (CRD #5124115)
Florissant, Missouri
(June 21, 2021)
FINRA Case #2020069016101

Jinnie Chean (CRD #6876823)
Flushing, New York
(June 28, 2021)
FINRA Case #2020068447801

Lawrence Peter Ehren (CRD #730972)
West Bend, Wisconsin
(June 7, 2021)
FINRA Case #2019062078501

Michael R. Goonan (CRD #6243029)
Commack, New York
(June 8, 2021)
FINRA Case #2021069134501

Courtney Cay Mahdak (CRD #7026550)
Haslet, Texas
(June 14, 2021)
FINRA Case #2020068267502

John Robert Margain (CRD #6431875)
Long Beach, California
(June 1, 2021)
FINRA Case #2020068769101

Janie B. Royal (CRD #7233359)

Perry, Ohio
(June 14, 2021)
FINRA Case #2020068888901

Joseph Mark Valenti (CRD #6113405)

Kearny, New Jersey
(June 7, 2021)
FINRA Case #2020066106402

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.)

Matthew Tyler Berman (CRD #7127759)

Coral Springs, Florida
(June 7, 2021)
FINRA Case #2021070633101

Thomas Michael Bonik (CRD #852722)

Koloa, Hawaii
(June 4, 2021)
FINRA Case #2020067769501

James Patrick Clements (CRD #5507008)

Indianapolis, Indiana
(June 11, 2021)
FINRA Case #2020068858301

Daniel Della Rosa (CRD #2468171)

Tampa, Florida
(June 11, 2021)
FINRA Case #2020065714601

Morgan Engbrecht (CRD #6681916)

Mandan, North Dakota
(June 28, 2021)
FINRA Case #2020067330501

Micah J. Judy (CRD #6816950)

Amherst, Ohio
(June 25, 2021)
FINRA Case #2020068831101

Lionel Darnell Scott (CRD #4738213)

Middle, New York
(June 21, 2021)
FINRA Case #2018056483901

Ricardo Ruben Uliambre (CRD #5909506)

Weston, Florida
(June 4, 2021)
FINRA Case #2020066249501

Paul Warren Vizanko (CRD #2572222)

Duluth, Minnesota
(June 21, 2021)
FINRA Case #2021069466801

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

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

Omer Mohamed Ali-Taha (CRD #2996642)

Springfield, Virginia
(June 11, 2021)
FINRA Arbitration Case #20-03641

Katie Rebecca Blando (CRD #5805277)

Cardiff-By-The-Sea, California
(June 4, 2021)
FINRA Arbitration Case #20-02233

PRESS RELEASES

FINRA Orders Merrill Lynch, Pierce, Fenner & Smith, Inc. to Pay \$8.4 Million in Restitution to Customers for Supervisory Failures Involving UITs

FINRA announced that it has ordered [Merrill Lynch, Pierce, Fenner & Smith, Inc.](#) to pay more than \$8.4 million in restitution to more than 3,000 customers who incurred potentially excessive sales charges in connection with early rollovers of UITs. FINRA also fined the firm \$3.25 million for failing to reasonably supervise early UIT rollovers.

A UIT is an investment company that offers investors shares, or “units,” in a fixed portfolio of securities in a one-time public offering that terminates on a specific maturity date, often after 15 or 24 months. As a result, UITs are generally intended as long-term investments and have sales charges based on their long-term nature, including an initial and deferred sales charge and a creation and development fee. A registered representative who recommends that a customer sell his or her UIT position before the maturity date and then “rolls over” those funds into a new UIT causes the customer to incur increased sales charges over time, raising suitability concerns.

Merrill Lynch executed more than \$32 billion in UIT transactions between January 2011 and December 2015, including approximately \$2.5 billion in which the UITs were sold more than 100 days before their maturity dates and some or all of the proceeds were used to purchase one or more UITs (early rollovers). FINRA found the firm’s supervisory system was not reasonably designed to identify those early rollovers. While the firm’s automated reports identified when a representative recommended an early rollover of a UIT that had been held for seven months or less, the firm did not have any report that identified when a representative recommended an early UIT rollover that had been held for longer than seven months. As a result, Merrill Lynch did not identify that its representatives recommended thousands of potentially unsuitable early rollovers that, collectively, may have caused more than 3,000 customer accounts to incur more than \$8.4 million in sales charges that they would not have incurred had they held the UITs until their maturity dates.

Jessica Hopper, Executive Vice President and Head of FINRA’s Department of Enforcement, said, “Customers often incur unnecessary costs when representatives recommend short-term sales of products that are intended as long-term investments. FINRA member firms must implement supervisory systems sufficient to identify these potentially unsuitable transactions. Providing restitution to harmed investors remains a top priority for FINRA.”

In September 2016, FINRA launched a targeted examination focused on UIT rollovers, and FINRA’s 2018 Regulatory and Examination Priorities Letter advised FINRA would be reviewing firms’ supervisory controls related to UITs. Investors can learn more about UITs by visiting FINRA’s Investor Insights.

In settling [this matter](#), Merrill Lynch neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Orders Record Financial Penalties Against Robinhood Financial LLC

Firm Ordered to Pay Approximately \$70 Million for Systemic Supervisory Failures and Significant Harm Suffered by Millions of Customers

FINRA announced that it has fined [Robinhood Financial LLC](#) \$57 million and ordered the firm to pay approximately \$12.6 million in restitution, plus interest, to thousands of harmed customers. The sanctions represent the largest financial penalty ever ordered by FINRA and reflect the scope and seriousness of the violations. In determining the appropriate sanctions, FINRA considered the widespread and significant harm suffered by customers, including millions of customers who received false or misleading information from the firm, millions of customers affected by the firm's systems outages in March 2020, and thousands of customers the firm approved to trade options even when it was not appropriate for the customers to do so.

"This action sends a clear message—all FINRA member firms, regardless of their size or business model, must comply with the rules that govern the brokerage industry, rules which are designed to protect investors and the integrity of our markets. Compliance with these rules is not optional and cannot be sacrificed for the sake of innovation or a willingness to 'break things' and fix them later," said Jessica Hopper, Executive Vice President and Head of FINRA's Department of Enforcement. "The fine imposed in this matter, the highest ever levied by FINRA, reflects the scope and seriousness of Robinhood's violations, including FINRA's finding that Robinhood communicated false and misleading information to millions of its customers."

First, FINRA found in its investigation that, despite Robinhood's self-described mission to "de-mystify finance for all," during certain periods since September 2016, the firm has negligently communicated false and misleading information to its customers. The false and misleading information concerned a variety of critical issues, including whether customers could place trades on margin, how much cash was in customers' accounts, how much buying power or "negative buying power" customers had, the risk of loss customers faced in certain options transactions, and whether customers faced margin calls.

For instance, one Robinhood customer who had turned margin "off," tragically took his own life in June 2020. In a note found after his death, he expressed confusion as to how he could have used margin to purchase securities because, he believed, he had not "turned on" margin in his account. As noted in the settlement, Robinhood also displayed to this individual (and certain other customers) inaccurate negative cash balances. Additionally, due to Robinhood's misstatements, thousands of other customers suffered more than \$7 million in total losses. As part of this settlement, Robinhood is required to pay more than \$7 million in restitution to these customers.

Second, FINRA found that since Robinhood began offering options trading to customers in December 2017, the firm has failed to exercise due diligence before approving customers to place options trades. The firm relied on algorithms—known at Robinhood as “option account approval bots”—to approve customers for options trading, with only limited oversight by firm principals. Those bots often approved customers to trade options based on inconsistent or illogical information. As a result, Robinhood approved thousands of customers for options trading who either did not satisfy the firm’s eligibility criteria or whose accounts contained red flags indicating that options trading may not have been appropriate for them.

Third, FINRA found that, from January 2018 to February 2021, Robinhood failed to reasonably supervise the technology that it relied upon to provide core broker-dealer services, such as accepting and executing customer orders. Between 2018 and late 2020, Robinhood experienced a series of outages and critical systems failures. The most serious outage occurred on March 2 and 3, 2020, when Robinhood’s website and mobile applications shut down, preventing Robinhood’s customers from accessing their accounts during a time of historic market volatility. Although the firm had a business continuity plan at the time of the March 2-3 outage, it did not apply it because the plan was unreasonably limited to events that impacted the firm’s physical location. Robinhood’s inability to accept or execute customer orders during these outages resulted in individual customers losing tens of thousands of dollars, and FINRA is requiring that the firm pay more than \$5 million in restitution to affected customers.

Additionally, between January 2018 and December 2020, Robinhood failed to report to FINRA tens of thousands of written customer complaints that it was required to report. Robinhood’s reporting failures included complaints that Robinhood provided customers with false and misleading information, and that customers suffered losses as a result of the firm’s outages and systems failures. Robinhood’s reporting failures were primarily the result of a firm-wide policy that exempted certain broad categories of complaints from reporting, even though those categories fell within the scope of FINRA’s reporting requirements. The settlement resolves numerous other charges against Robinhood, including the firm’s failure to have a reasonably designed customer identification program and its failure to display complete market data information.

In settling [this matter](#), Robinhood neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.