

Disciplinary and Other FINRA Actions

Firm Expelled, Individual Sanctioned

Viewpoint Securities, LLC (CRD® #104226, San Diego, California) and Seth Andrew Leyton (CRD #2138891, Registered Principal, San Diego, California) submitted an Offer of Settlement in which the firm was expelled from FINRA® membership and Leyton was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, the firm and Leyton consented to the described sanctions and to the entry of findings that they offered and sold collateralized mortgage obligations (CMOs) to public customers. The findings stated that a limited liability company, its chief executive officer (CEO), and an individual involved with the CEO in the business of the company (collectively, the conspirators), engaged in a fraudulent scheme through which they obtained possession and control of CMOs owned by unwitting investors and attempted to misappropriate income streams generated by the CMOs. The findings also stated that Leyton knew of the conspirators' scheme, or should have known of it, including that the promises of monetization at the levels represented were false, and that no monetizations occurred. Despite this, the firm and Leyton did not take any meaningful action to prevent their activities from harming firm customers or others, or to terminate the conspirators' activity or relationship with the firm. In return for compensation on these CMO sales and cash payments to Leyton's bank account, Leyton and the firm substantially assisted the conspirators' scheme, providing them with both a platform to effect their fraudulent scheme and the appearance of legitimacy. The firm and Leyton earned more than \$1 million solely from their business relationship with the conspirators.

The findings also included that the firm's and Leyton's substantial assistance to the conspirators included allowing the company to open and maintain accounts at the firm, thereby enabling the company to receive CMOs from third parties, including firm customers. The firm and Leyton facilitated the transfer of CMOs or funds from unwitting investors to the company. The firm and Leyton prepared letters on behalf of the conspirators that they issued to third parties—which were on the firm's letterhead—that verified the firm was holding specific CMOs that had an explicit face value, and the CMOs were free of all liens, claims and interests. These letters were materially misleading since the face value was far in excess of the true market value of the CMOs. The firm and Leyton approved a CMO sale transaction where a firm customer was permitted to purchase a CMO at an artificial price much lower than its true market value, in order to accommodate the conspirator's request. The conspirators remitted tens of thousands of dollars to Leyton, which was paid directly to Leyton's personal bank account.

Reported for December 2013

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).

FINRA found that the firm and Leyton knowingly or recklessly ignored the “red flags” or suspicious events associated with the conspirators’ scheme that should have alerted them to the improper conduct. Based upon the foregoing, the firm and Leyton aided and abetted the conspirators’ fraudulent scheme. FINRA also found that a customer opened an account at the firm to purchase a CMO that an individual claimed he would be able to monetize in order to secure multi-million dollar financing to fund the customer’s project. Leyton was aware that the customer was unsophisticated in investments and lacked any real understanding of CMOs. Leyton recommended that the customer purchase a CMO, which the customer funded with \$1.1 million, and Leyton purchased the CMO on the customer’s behalf. The firm and Leyton did not charge the customer a markup or a commission. Leyton inaccurately marked the orders as unsolicited. During the sale of the CMO, the firm and Leyton omitted to inform the customer of material facts necessary to prevent the statements made, in light of the circumstances under which they were made, from being misleading. In addition, FINRA determined that in consideration for an individual referring the customer to the firm and Leyton, they entered into a prearranged transaction whereby Leyton interposed shares for the individual (through his entity) between the firm and the best available market before executing the customer’s transaction. The firm and Leyton did not inform the customer at the time of the transaction that his transaction was interposed, that he had been charged an excessive markup on the transaction, or of pertaining relevant facts. Leyton willfully omitted to inform the customer of material facts in regard to the CMO transaction.

Furthermore, FINRA found that Leyton provided false and misleading information to FINRA during his testimony and in his signed written statements. During a FINRA on-the-record testimony, Leyton, through his legal counsel, informed FINRA that he would not respond to any of FINRA’s further questions, impeding its investigation. Moreover, FINRA found that the firm’s written anti-money laundering (AML) policies and procedures required Leyton, the firm’s AML compliance officer (AMLCO), to monitor for potentially suspicious activity and red flags, investigate potentially suspicious activity and report suspicious activity by filing a suspicious activity report (SAR), as appropriate. The firm, acting through Leyton, failed to enforce its written AML program to ensure compliance with the Bank Secrecy Act. The firm and Leyton did not identify and investigate the company’s CMO transactions, even though many red flags identified in the firm’s written AML procedures were present. Despite being placed on repeated notice of potentially fraudulent CMO transactions, Leyton and the firm never considered whether to file a SAR related to any suspicious trading activity, even when customers complained that the company improperly retained possession over a customer’s CMOs and money, or when the firm and Leyton knew the company had made misrepresentations about its CMO transactions.

The findings also stated that the firm, through Leyton, failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to ensure compliance with federal laws and FINRA and NASD® rules in the offer or sale of CMOs. The firm, acting through Leyton, failed to supervise his activities in the offer or sale

of CMOs, and his other activities. The findings also included that the firm, acting through Leyton, did not enforce procedures for the supervisory review of email communications; specifically, the firm failed to review Leyton's incoming and outgoing email. FINRA found that Leyton solely operated and supervised the firm's CMO business, functioning as both the general securities representative offering and selling the CMOs, and the general securities principal overseeing and approving these same CMO sales. Leyton was a producing manager and principal of the firm. The firm and Leyton failed to assign anyone to supervise Leyton's customer account activity and failed to enforce a supervisory system and procedures regarding the designation of a supervisor for Leyton's heightened supervision, in the offer and sale of CMOs, and as a producing manager. The firm and Leyton willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. ([FINRA Case #2011028122901](#))

Firms Fined, Individuals Sanctioned

Terminus Securities, LLC (CRD #148031, Atlanta, Georgia), David Eugene Corbin (CRD #2233177, Registered Principal, Atlanta, Georgia) and James Ward Noble (CRD #5574568, Registered Principal, Cartersville, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500, Corbin was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days, and Noble was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 15 business days. Without admitting or denying the findings, the firm, Corbin and Noble consented to the described sanctions and to the entry of findings that the firm, acting through Corbin and Noble, conducted a securities business while the firm was below its minimum net capital requirements and when the firm participated as the sole underwriter in a firm commitment municipal bond underwriting. The findings stated that the firm improperly included checks that should have been classified as non-allowable assets in its net capital computation. The checks, written on Corbin's personal bank account, were not deposited by the firm; but Noble held them in his desk drawer. The findings also stated that because the firm improperly classified the checks as allowable assets in its net capital computation, it also kept inaccurate records of its net capital, filed inaccurate Form X-17A-5 Financial and Operational Combined Uniform Single (FOCUS) reports, and failed to timely report the net capital deficiencies and inaccuracies.

Corbin's suspension was in effect from November 4, 2013, through November 15, 2013. Noble's suspension was in effect from November 4, 2013, through November 22, 2013. ([FINRA Case #2012034333801](#))

Ziv Investment Company (CRD #4316, Chicago, Illinois) and Peter Gordon Ziv (CRD #1178100, Registered Principal, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000, \$10,000 of which was jointly and severally with Ziv. Ziv was suspended from association with any FINRA member

in any capacity for 10 business days and required to register for, within 60 days of the date of issuance of the AWC, three hours of training concerning the Customer Protection Rule, in a program not unacceptable to FINRA. Ziv shall provide FINRA with evidence of the registration within 10 days of registration, shall attend and complete such training within six months of the issuance of the AWC, and shall provide FINRA with evidence that he completed such training within 10 days of completion of the training program. Without admitting or denying the findings, the firm and Ziv consented to the described sanctions and to the entry of findings that they used fully paid-for customer securities to facilitate short sale transactions in both Ziv's account and the firm's proprietary account. The findings stated that Ziv entered short sale trades in his account and the firm's account, and the firm used fully paid-for customer securities to make delivery. For each of the short sales, the firm failed to establish reasonable grounds to believe that the securities could be borrowed so that they could be delivered on the date delivery is due as required by Rule 203(b)(1) of Regulation SHO, and failed to document compliance with Rule 203(b)(1) prior to the execution of the short sales. The findings also stated that the firm failed on multiple occasions to accurately compute its reserve formula. For example, the firm improperly classified certain customer receivables as failures to deliver in the reserve formula and, on a separate occasion, overstated its proprietary collateral on deposit at the Options Clearing Corporation (OCC) by \$91,253 because the firm used the wrong report to determine its margin requirement at OCC. The findings also included that the firm did not have adequate procedures in place reasonably designed to ensure compliance with Securities Exchange Act of 1934 Rules 15c3-3(b)(1) or 203(b)(1) of Regulation SHO. The firm's WSPs did not contain Rule 15c3-3(b) possession or control requirements or procedures to ensure compliance with this rule.

The suspension was in effect from November 4, 2013, through November 15, 2013. ([FINRA Case #2012032321401](#))

Firms Fined

Barclays Capital Inc. (CRD #19714, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$200,000, ordered to pay \$25,983.60 in restitution to issuers, and within 180 days of the issuance of the AWC, an officer (or equivalent) of the firm will certify to FINRA in writing that the firm has completed a review of its WSPs and systems, and implemented necessary revisions to such procedures and systems in order to ensure that they are in compliance with Municipal Securities Rulemaking Board (MSRB) Rule G-27. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it was a member of certain municipal securities associations and the firm's practice of obtaining reimbursement for the voluntary payments to one municipal securities association from the proceeds of municipal and state bond offerings was unfair. The findings stated that these assessments did not bear a direct relationship to any activities conducted with

respect to each bond offering and the firm was not required by any statute or regulation to be a member of the municipal securities association in order to underwrite bond offerings. Yet the firm treated its municipal securities association underwriting assessments as an expense of each transaction, and requested and received reimbursement of those payments from the proceeds of each bond offering. The findings also stated that the firm, on behalf of itself and the other members of the underwriting syndicate, listed the voluntary municipal securities association underwriting assessments as expenses of the underwriting, with other costs such as travel, printing and telephone costs. However, unlike these categories of expense payments, the underwriting assessments did not directly correspond with work performed or costs incurred to underwrite each bond offering, and were not necessary to conduct the offering. As a result, the firm's requests for reimbursement were not fair because they were not accompanied by adequate disclosure to issuers about the nature of the fees. The findings also included that the firm's practices resulted in the expenditure of the proceeds of municipal and state bond offerings to an organization that engaged in political activities, including hiring a lobbyist to monitor political developments and advocating, from time to time, for various legislative action. To date, in response to a request from the Treasurer of the State of California, the firm has returned \$42,158.30 to multiple issuers, as a refund for the municipal securities association underwriting assessments that were reimbursed from offering proceeds.

FINRA found that the firm failed to adopt, maintain and enforce WSPs reasonably designed to ensure compliance with MSRB Rule G-17 as it relates to this conduct. The firm failed to establish reasonable procedures for reviewing and disclosing expenses for the municipal securities association and other municipal securities associations for which it requested reimbursement from the proceeds of municipal and state offerings, and for ensuring that those requests were fair and adequate. FINRA also found that the firm failed to adopt, maintain, and enforce adequate systems and WSPs reasonably designed to monitor how the municipal securities associations to which they belonged used the funds that the firm provided to them. Adequate policies and procedures in this area were especially necessary in light of the municipal securities association's engagement in political activities. ([FINRA Case #2013037879401](#))

BB&T Securities, LLC (CRD #142785, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and required to revise its WSPs concerning FINRA Rule 6760. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that the firm, as managing underwriter, failed to report new issue offerings in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to FINRA according to the time frames set forth in FINRA Rule 6760(c). The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning FINRA Rule 6760. ([FINRA Case #2013036697401](#))

BNP Paribas Prime Brokerage, Inc. (CRD #24962, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accurately report positions to the Large Options Positions Report (LOPR) with correct effective dates and failed to report two related accounts to the LOPR as acting-in-concert. The findings stated that the firm failed to have supervisory procedures in place reasonably designed to ensure compliance with NASD Rule 2860(b)(5) and FINRA Rule 2360(b)(5). ([FINRA Case #2011028706601](#))

Bonds.com, Inc. (CRD #43875, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while it was net capital deficient and failed to maintain accurate books and records. ([FINRA Case #2012030408001](#))

Citigroup Global Markets, Inc. (CRD #7059, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$70,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the contra party to the over-the-counter (OTC) LOPR and inaccurately reported proprietary and/or customer OTC options positions to the LOPR. The findings stated that the firm failed to establish and maintain a supervisory system, including an adequate system of follow-up and review, reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning the reporting of OTC options positions to the LOPR. For almost two years, the firm's supervisory system did not include WSPs providing for the reporting of OTC options positions to the LOPR. ([FINRA Case #2010023565801](#))

Goldman, Sachs & Co. (CRD #361, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct time of trade execution for P1 transactions in TRACE-eligible securities to TRACE and reported to TRACE P1 transactions in TRACE-eligible securities it was not required to report. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. The findings also stated that the firm failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities. ([FINRA Case #2011028403101](#))

Great American Investors, Inc. (CRD #28489, Overland Park, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had an inadequate supervisory system to achieve compliance with securities laws and regulations. The findings stated that the firm did not adequately review all documentation or account activity statements relating to its registered representatives, who were also registered investment advisers with a non-

affiliated investment advisory firm, to supervise their investment adviser activities as private securities transactions. The findings also stated that the firm did not adequately review all of the electronic correspondence of its registered representatives, contrary to its own procedures. The findings also included that the firm failed to conduct adequate inspections of its Office of Supervisory Jurisdiction (OSJ) and branch offices in compliance with its own procedures. FINRA found that the firm did not adequately supervise all of the outside brokerage accounts of all of its registered representatives. The firm was made aware of these outside brokerage accounts, but did not receive duplicate statements for these accounts or actually supervise these accounts. ([FINRA Case #2011025495701](#))

Interactive Brokers LLC (CRD #36418, Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted Route or Combined Order/Route Reports to the Order Audit Trail System (OATS™) that OATS was unable to link to the related order routed to the New York Stock Exchange (NYSE) due to inaccurate, incomplete or improperly formatted data. ([FINRA Case #2012033129801](#))

J.P. Morgan Securities LLC (CRD #79, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$375,000, and required to revise its WSPs regarding aggregation of positions in a security to determine the net positions of the firm's aggregation units (AGUs). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its trading desks were organized into separate AGUs, for purposes of compliance with Securities Exchange Commission (SEC) Rule 200(f) and pre-existing guidance concerning the proper use of AGUs. The findings stated that each of the separate AGUs contained numerous trading books, for which securities positions were netted together to determine the total net position of that AGU and, accordingly, whether the AGU's orders should be marked long or short. In addition to the firm's proprietary positions, the AGUs also improperly included the trading positions of the non-broker-dealer affiliate in determining the AGUs' net positions. The non-broker-dealer affiliate's trading positions were incorporated into seven separate AGUs the firm maintained. As a result, the firm's AGUs failed to accurately reflect the correct positions within the appropriate trading books. The findings also stated that the firm's written plan of organization for its AGUs failed to accurately provide for the overall net position of the securities that were traded and maintained by the firm's AGUs. The firm's written plan of organization for its AGUs improperly permitted the inclusion of securities positions of a non-broker-dealer affiliate in determining the net position of the firm's AGUs. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations, including SEC and FINRA rules, regarding aggregation of positions in a security to determine the net positions of the firm's AGUs. The firm's WSPs regarding aggregation of positions in a security improperly permitted the inclusion of the non-broker-dealer affiliate's trading positions in determining the net positions of the firm's AGUs.

FINRA found that the firm's failure to comply with the AGU requirements affected the accuracy of its calculation of its net positions in securities, and the firm's ability to ensure the accuracy of its short sales, trade reports and books and records, which in turn may have resulted in violations of various SEC and FINRA rules regarding short sales, trade reporting, and books and records. ([FINRA Case #2008015084801](#))

J.P. Morgan Securities LLC (CRD #79, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to the OTC Reporting Facility (OTCRF) last sale reports of transactions in OTC equity securities. The findings stated that the firm incorrectly designated as ".U" to the OTCRF last sale reports of transactions in OTC equity securities, failed to designate as ".W" to the OTCRF last sale reports of transactions in OTC equity securities, and reported to the OTCRF last sale reports of transactions in OTC equity securities it was not required to report. The firm failed to report the correct time to the OTCRF in last sale reports of transactions in OTC equity securities. The findings also stated that the firm failed to accept or decline in the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) or the OTCRF transactions in reportable securities within 20 minutes after execution that the firm had an obligation to accept or decline as the order entry identifier (OEID). The findings also included that the firm failed, within 90 seconds after execution, to transmit to the FNTRF last sale reports of transactions in designated securities. The firm transmitted to the FNTRF last sale reports of transactions in designated securities and failed to designate through the FNTRF such last sale reports as reflecting a price different from the current market when the execution was based on a prior reference point in time. The firm failed to report the correct time of execution to the FNTRF in last sale reports of transactions in designated securities. FINRA found that the firm failed, within 30 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC equity securities. ([FINRA Case #2010023161701](#))

Lazard Capital Markets LLC (CRD #134736, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to include in over 4,100 equity research reports disclosures required by provisions of NASD Rule 2711(h). The findings stated that the firm failed to disclose in research reports that it acted as a manager or co-manager in public offerings for the subject company in the past 12 months, or that it received compensation for investment banking services from the subject company in the past 12 months. The findings also stated that the firm failed to disclose in research reports that it made a market in the securities of covered companies at the time the research report was published. This deficiency occurred because the firm began to register as a market maker in NYSE-listed securities but inadvertently did not include these securities in the database used to generate this disclosure. The firm's research disclosure deficiencies particularly affected reports issued during a two-year period, when the firm failed to include required

disclosures in approximately 47 percent of all research reports the firm published. The findings also included that the firm did not adopt and implement procedures reasonably designed to ensure compliance with the disclosure provisions of NASD Rule 2711, in violation of NASD Rule 2711(i). The firm's WSPs in effect described a process for complying with NASD Rule 2711(h) that the firm never implemented. These procedures applied only to a prior system used to update research disclosures, and when the firm changed systems, it did not update its procedures. In fact, no one at the firm reviewed or audited the process by which firm employees collected and input relevant information into the firm's research disclosure databases. FINRA found that had the firm conducted such audits or reviews, it could have discovered the NASD Rule 2711(h) violations. Instead, the firm's research disclosure violations continued for more than four years. The firm addressed the violations when FINRA alerted the firm to certain NASD Rule 2711(h) violations during an examination. ([FINRA Case #2010023872501](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured; fined \$85,000; required to pay \$77.98, plus interest, in restitution; and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it effected securities transactions while a trading halt was in effect with respect to the securities. The findings stated that the firm transmitted reports to OATS that contained an inaccurate originating department ID; submitted erroneous desk reports; submitted reports with an incorrect special handling code, erroneous handling codes, incorrect order received time and incorrect limit price; submitted a report without a reporting exception code; incorrectly submitted a new order report and route reports; and failed to submit a route report. The findings also stated that the firm made available a report on the covered orders in national market system (NMS) securities it received for execution from any person, which included incorrect information. The firm incorrectly classified a covered order as not covered, and calculated and reported an incorrect amount of total covered orders, covered shares and total canceled shares. The findings also included that the firm failed to report to FNTRF the correct symbol indicating the related market center in transactions in reportable securities.

FINRA found that the firm failed to report the exercise of an OTC option. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules addressing adequate WSPs in trade reporting (use of trade modifiers, third party reporting), OATS (accuracy of data) and multiple market participant identifiers (MPIDs) (approval of MPIDs). FINRA also found that the firm had fail-to-deliver positions at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver positions by purchasing securities of like kind and quantity within the timeframe prescribed. In addition, FINRA determined that the firm executed short sale orders and failed to properly mark the orders as short. The firm failed to contemporaneously or partially execute a customer limit orders in a NASDAQ security after it traded each subject

security for its own market-making account at a price that would have satisfied each customer's limit order. Moreover, FINRA found that the firm failed to report complete and accurate data to the FNTRF in transactions in reportable securities. The firm incorrectly reported an agency cross transaction as a principal transaction with a blank contra party, failed to report the contra party broker-dealer on principal trades, reported an incorrect buy/sell indicator, failed to report the correct execution time, and failed to timely submit non-tape reports with the .RX modifier. ([FINRA Case #2009020108201](#))

Newbridge Securities Corporation (CRD #104065, Ft. Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$32,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain and enforce adequate WSPs related to the review and approval of outgoing wires for customers regarding the transfer of funds or securities by a customer to a bank account on their behalf. The findings stated that while the firm had WSPs that addressed such transmittals generally and required Letters of Authorization (LOAs), the WSPs were silent as to how such transmittals and LOAs would be reviewed and approved. The findings also stated that in connection with this deficiency, a former firm registered representative converted more than \$160,000 from two customers' accounts by wiring the funds from their accounts to bank accounts he opened in their names. The firm paid restitution to the customers. ([FINRA Case #2013035775601](#))

Saxony Securities, Inc. (CRD #115547, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. The fine shall be due and payable immediately. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written procedures, regarding the sale of non-traditional exchange-traded funds (ETFs) reasonably designed to achieve compliance with applicable NASD and FINRA rules. The findings stated that the firm permitted its registered representatives to recommend and sell non-traditional ETFs to firm customers. The firm did not investigate the characteristics and risk factors of such products before allowing representatives to recommend them to customers. The findings also stated that despite the unique characteristics and notable risk factors of non-traditional ETFs, the firm did not provide its representatives or supervisors with any training or other guidance specific to whether and when non-traditional ETFs might be appropriate for their customers. The firm also did not use or make available to its supervisory personnel any reports or other tools to monitor either the length of time that customers held open positions in non-traditional ETFs or any unrealized losses occurring in those positions. ([FINRA Case #2012030788301](#))

SG Americas Securities, LLC (CRD #128351, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to properly mark sell orders as long or short, and as a result, also failed to report the transactions in reportable securities to an exchange

with the correct symbol indicating whether the transactions were long or short. The findings stated that the firm accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account, without borrowing the security, or entering into a *bona fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The findings also stated that the firm failed to correctly report agency transactions to the FNTRF, and in some instances, failed to report agency crosses to the FNTRF, incorrectly reported a market center code to the FNTRF, and in one instance, failed to report a transaction to the FNTRF. The findings also included that the firm transmitted reports to OATS that contained inaccurate timestamps, or omitted or contained inaccurate account type codes.

FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA rules addressing adequate WSPs in best execution (3-quote rule); trade reporting (accuracy of TRF reports, reporting riskless principal trades); sale transactions (order marking, reporting sales to TRF); OATS (accuracy of OATS data, consistency of OATS vs TRF data); and books and records (accuracy and preservation of records). FINRA also found that the firm failed to provide documentary evidence that one month it performed the supervisory reviews set forth in its WSPs concerning sale transactions (soft dollar accounts and trading, preparing records of soft dollar credits); monitoring trades for which soft dollar credits are accrued (preparing records that reflect cost/value research, and monitoring research and services). ([FINRA Case #2010025768402](#))

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to provide written notification disclosing to its customers that transactions were executed at an average price, or erroneously disclosed that transactions were executed at an average price. The findings stated that the firm, when it acted as principal for its own account, failed to provide written notification disclosing to its customers that it was a market maker in each such security. The findings also stated that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions. ([FINRA Case #2010021598001](#))

Tradition Asiel Securities Inc. (CRD #28269, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User's Manual. The findings stated that the firm failed to report information

about the transactions within 15 minutes of trade time to an RTRS Portal. ([FINRA Case #2012034703501](#))

TrustFirst Inc. dba TrustFirst (CRD #39057, Knoxville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. FINRA imposed a lower fine after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that at various times, the firm, acting through its chief financial officer (CFO), conducted a securities business while failing to maintain its minimum net capital requirement. The findings stated that the deficiency resulted from the improper recording of a \$30,000 receivable as an allowable asset. The firm, acting through the CFO, contributed to the net capital violation by improperly netting advances, wages and commissions received by registered representatives. In addition, the firm, acting through the CFO, failed to prepare and maintain an accurate general ledger, trial balance and net capital computation during this period. The inaccurate net capital computation also caused the firm, acting through the CFO, to prepare and submit inaccurate FOCUS Part IIA Reports. The findings also stated that, at various times, the firm, acting through this principal, conducted a securities business while in net capital deficiency. These deficiencies resulted primarily from trading losses in the firm's proprietary account followed by a failure to infuse adequate capital. In connection with this, the firm, acting through the principal, also failed to provide the required notice to the SEC and FINRA of the net capital deficiencies and continued to conduct business during the entire period, despite the net capital deficiency. The findings also included that the firm participated in contingency offerings conducted by issuers, and the offering documents for each of these offerings stated that proceeds from the offerings would be returned to investors if the minimum offering amount was not raised during the offering period. The firm failed to ensure that investor funds from these offerings were deposited into escrow accounts during the contingency period of the offerings, instead depositing the funds into bank accounts the firm controlled. In addition, in two contingency offerings, the issuer withdrew funds from escrow for offering expenses, prior to the minimum offering amount having been raised. FINRA found that the firm failed to comply with the recordkeeping and approval requirements of NASD Rule 2210(b), in that it did not maintain records of all iterations of its website or of related principal approval of the use of and changes to the website. ([FINRA Case #2011028909401](#))

UBS Financial Services Inc. (CRD #8174, Weehawken, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to adequately supervise the recommendations of alternative investments one of its registered representatives made to a firm institutional customer, for the purchase of private equity funds totaling \$3 million. The findings stated that the firm was unaware of the investment policy the institutional customer maintained at the time of the transactions and did not assess the concentration of

alternative investments against the customer's investment policy. The recommendations were inconsistent with the investment policy the customer maintained, and the institutional customer's efforts to improve its cash flow were hampered, in part, by the illiquidity of the alternative investments. The findings also stated that the firm failed to establish, maintain and enforce adequate WSPs reasonably designed to ensure the proper supervision of certain institutional accounts subject to asset allocation restrictions, and which provided tools to supervisors regarding the review and assessment of concentration levels in alternative investments. The findings also included that the firm's WSPs did not explicitly direct branch managers to review and assess documents, bearing on the authority of certain institutional customers to purchase specified investments, including any investment policy limiting or restricting the customer's authority to make certain investments. FINRA found that the firm did not maintain any mechanism to assess and review the concentration levels of alternative investments the customers held. ([FINRA Case #2009019434801](#))

UBS Securities LLC (CRD #7654, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had an approximately \$400 million hindsight deficiency in its Reserve Bank Accounts as a result of cash being substituted for unqualified securities after 10 a.m. The findings stated that this substitution was not attributable to the firm. Nevertheless, the firm was responsible for ensuring that its Reserve Bank Accounts maintained sufficient funds to satisfy its reserve requirements. The hindsight deficiency was corrected within 18 minutes. The findings also stated that the firm had a system to supervise the delivery of eligible collateral into its Reserve Bank Accounts prior to 10 a.m. The supervisory system included a review of nightly batch reconciliations to confirm that the balance of the accounts continued to satisfy its reserve requirements. The firm's supervisory system was inadequate to ensure that intraday debit and credit movements in the Reserve Bank Accounts after 10 a.m. were detected and elevated. The findings also included that the firm completed reserve formula computations on Fridays and moved qualified securities either into or out of its Reserve Bank Accounts by 10 a.m. on Tuesdays in order to meet increased or decreased reserve requirements. Although qualified securities were moved either into or out of the Reserve Bank Accounts prior to 10 a.m., there were also intraday offsetting debit and credit entries. Based on the information available concerning the timing of cash movements into and out of the Reserve Bank Accounts, these intraday offsetting debit and credit entries may have resulted in withdrawals occurring after 10 a.m. on 16 days and four hindsight deficiencies. ([FINRA Case #2011030284601](#))

UBS Securities LLC (CRD #7654, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. In determining the amount of the fine, FINRA took into consideration that before it commenced the review, the firm self-reported to FINRA its deficiencies with respect to complying with FINRA Rule 6380A(b) and also undertook corrective measures. Without admitting or denying the

findings, the firm consented to the described sanctions and to the entry of findings that it double reported to the FNTRF last sale reports of transactions in designated securities. ([FINRA Case #2012032752801](#))

Wedbush Securities Inc. (CRD #877, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$95,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to execute orders fully and promptly, and in transactions for or with customers, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User's Manual. The findings stated that the firm failed to report the correct trade time to the RTRS in municipal securities transactions, and failed to report information about the transactions within 15 minutes of trade time to an RTRS Portal. The firm failed to show the correct execution time on municipal securities transactions memoranda for the account the firm executed with another broker or dealer. The findings also stated that the firm improperly reported information to the RTRS that it should not have. The firm improperly reported purchase and sale transactions in municipal securities to the RTRS, when the inter-dealer delivers were step outs and thus were not inter-dealer transactions reportable to the RTRS. The findings also included that the firm failed to enforce its WSPs, which specified that the firm would perform daily reviews of trades on the MSRB website for accuracy and timeliness and monthly reviews of the firm's MSRB reports cards. ([FINRA Case #2009018146101](#))

Individuals Barred or Suspended

Nathan Tyler Amack (CRD #5216016, Registered Representative, Menomonee Falls, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Amack's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Amack consented to the described sanctions and to the entry of findings that he willfully failed to amend his Uniform Application for Securities Industry Registration (Form U4) to disclose federal and state tax liens.

The suspension is in effect from November 4, 2013, through February 3, 2014. ([FINRA Case #2013038337701](#))

Victor R. Amakwe (CRD #4770205, Registered Representative, Bowie, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must

be paid either immediately upon Amakwe's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Amakwe consented to the described sanctions and to the entry of findings that his wife opened a Roth Individual Retirement Account (IRA) with him at his member firm. The findings stated that Amakwe was not an owner or signatory on the account and did not have the firm's prior approval to trade in, or withdraw funds from, the account. Amakwe's wife intended to preserve the funds in the account for retirement. Amakwe accessed the IRA using his wife's password, liquidated funds and transferred a total of \$16,030 to the couple's joint brokerage account at the firm, and used the funds for personal and joint expenses, and to pay for personal legal expenses, thereby improperly using customer funds. Amakwe never replaced the funds in the account.

The suspension is in effect from November 4, 2013, through November 3, 2015. ([FINRA Case #2011030473001](#))

Ramnik Singh Aulakh (CRD #4890774, Registered Representative, Arlington, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Aulakh consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request to appear and testify at a disciplinary proceeding regarding a complaint filed against his member firm and CEO/president alleging they engaged in an \$18 million offering fraud in connection with the sale of promissory notes. ([FINRA Case #2012034211302](#))

Emily Botelho Barazi (CRD #4171149, Registered Representative, Napa, California) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Barazi consented to the described sanction and to the entry of findings that she failed to provide any response to FINRA requests for information. The findings stated that FINRA commenced an investigation of Barazi following the termination of her association and registration with her member firm in order to determine whether she engaged in inappropriate conduct outside of the workplace, as reported by the firm on a Uniform Termination Notice for Securities Industry Registration (Form U5), and, if so, whether she violated federal securities laws or FINRA rules in connection therewith. ([FINRA Case #2012032074202](#))

Joan Lund Barere (CRD #5710454, Registered Representative, Norwalk, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Barere consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests for information concerning the alteration of a client profiling document and the appropriateness of an investment for that client. The findings stated that Barere sent a letter to FINRA in which she stated she did not intend to cooperate with FINRA's investigation, did not have any plans to return to the securities industry, and

did not have any reason to maintain her securities licenses. ([FINRA Case #2012034833401](#))

James G. Brooks Jr. (CRD #5852508, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Brooks' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Brooks consented to the described sanctions and to the entry of findings that he sent an email to clients and prospective investors regarding a mutual fund. The email constituted sales literature as defined in NASD Rule 2210(a)(2) and violated certain approval requirements and content standards. The findings stated that the emails were not pre-approved by a registered principal, were not filed with FINRA's Advertising Regulation Department within 10 business days of first use, failed to discuss risk and to provide a sound basis for evaluating the investment, and failed to include information concerning the prospectus and how a prospectus could be obtained.

The suspension was in effect from October 7, 2013, through November 6, 2013. ([FINRA Case #2012031820301](#))

John Joseph Burns (CRD # 726439, Registered Representative, Middletown, New Jersey) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Burns' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Burns consented to the described sanctions and to the entry of findings that he failed to update his Form U4 to disclose material information concerning unsatisfied judgments entered against him.

The suspension was in effect from November 4, 2013, through December 3, 2013. ([FINRA Case #2011028715801](#))

John Phillip Burton (CRD #2364201, Registered Principal, Fairmont, West Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Burton consented to the described sanctions and to the entry of findings that the daughter of a married couple who were his customers sent a letter to Burton's member firm complaining about, among other things, the surrender charges associated with a variable annuity her parents had purchased earlier in the year. The findings stated that the married couple withdrew \$5,314.26, which included \$314.26 in surrender charges, from another one of their variable annuities. Burton, aware of the daughter's complaint, offered to reimburse the couple for the surrender charges. Burton wrote the customers a \$314.26 check, out of his commercial account, to reimburse

them for the surrender charges they had incurred, without his firm's knowledge or consent.

The suspension was in effect from November 18, 2013, through December 2, 2013.

[\(FINRA Case #2013036824801\)](#)

James Arnold Busch (CRD #1982074, Registered Representative, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Busch consented to the described sanction and to the entry of findings that he utilized his customers' bank account information, with the affiliate bank of his member firm, to misappropriate approximately \$1.3 million from some of his firm brokerage customers, most of whom were elderly women. The findings stated that Busch misappropriated money from his customers using two primary methods. Busch typically called his credit card company's automated system and requested payments from his customers' bank accounts to his personal credit card account. Busch provided his credit card company with the customers' bank routing and bank account numbers to make the transactions. Busch also used a manual process, whereby he submitted a paper debit memo to his credit card company to authorize payments from his customers' bank accounts to Busch's credit card account. In some instances, Busch liquidated securities from the customers' brokerage accounts in order to generate cash. The cash was transferred from the customers' brokerage accounts to the customers' bank accounts prior to Busch's misappropriation of the funds. [\(FINRA Case #2013038441201\)](#)

Derrick Lamar Campbell (CRD #2645741, Registered Representative, West Babylon, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Campbell consented to the described sanction and to the entry of findings that he converted approximately \$35,000 from a church where he acted as a volunteer treasurer and was a member of the church's board of trustees. The findings stated that Campbell converted the funds from the church by taking pre-signed checks and making them payable to himself. Campbell deposited these checks into his personal bank account and used the funds for personal expenses. In addition, on a frequent basis, Campbell took, for his personal use and benefit, some of the cash received from the church's collections. The amount of funds Campbell converted on each occasion varied, but was generally in the hundreds of dollars. The findings also stated that on at least one occasion, Campbell forged the signature of the church's vice president on a check that Campbell made payable to himself and intended to use for personal expenses. Campbell deposited the check into his bank account. The findings also included that Campbell confessed his misconducts to the church. Campbell was arrested and charged with grand larceny in the third degree and criminal possession of a forged instrument in the second degree. Campbell pled guilty to grand larceny in the third degree. [\(FINRA Case #2013035726001\)](#)

Michael H. Campbell (CRD #4442623, Registered Representative, Kaukauna, Wisconsin)

submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$16,700, which includes disgorgement of commissions received of \$6,700, and suspended from association with any FINRA member in any capacity for 100 days. The fine must be paid either immediately upon Campbell's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Campbell consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing notice to, or receiving approval from, his member firm. The findings stated that the firm prohibited private securities transactions, regardless of whether compensation was paid for effecting the transaction. The firm required financial advisers to conduct all securities transactions through the firm, with limited exceptions. In return for facilitating the private securities transactions for firm customers, Campbell received \$6,700 in compensation for the transactions. The findings also stated that at the time Campbell facilitated the private securities transactions, he was registered with his firm as an investment company product/variable contracts limited representative, which precluded him from engaging in securities transactions.

The suspension is in effect from October 21, 2013, through January 28, 2014. ([FINRA Case #2013036218101](#))

Stephen Roy Campbell (CRD #39388, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. In assessing the appropriate sanction, FINRA took into consideration that the firm suspended Campbell for two weeks. Without admitting or denying the findings, Campbell consented to the described sanctions and to the entry of findings that he opened accounts with a customer in the names of certain of her service providers and friends. She entered into a verbal agreement with each of the individuals that she would fund their accounts on the condition that she would be the only person to direct the accounts' trading. The individuals would be allowed to keep any profits. Campbell knew of this arrangement and spoke with each customer at the time the account was opened. The findings stated that Campbell accepted trading instructions for these accounts from the third party but verbally confirmed each trade with the customers. Campbell began effecting most of the trades for the accounts based solely on the third party's orders without the customers' prior authorization or his member firm's approval. The same investment decisions were made and effected with each of the accounts. The findings also stated that there were a few instances approximately six months apart that resulted in basically the same multiple transactions, albeit in differing quantities being effected for each customer on each occasion. Most of the effected transactions involved amounts less than \$6,000. The findings also included that FINRA received a Form 4530 filing from the firm reporting that Campbell was issued a written warning by the firm and suspended for two weeks for accepting trading instructions from a third party without prior written authorization. Campbell exercised discretionary power by accepting third-party orders without the

customers' written authorization or the firm's approval.

The suspension was in effect from November 18, 2013, through December 2, 2013. ([FINRA Case #2012032367301](#))

Kelly Patrick Carney (CRD #2094265, Registered Representative, Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Carney's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Carney consented to the described sanctions and to the entry of findings that he exercised discretion in customer accounts. The findings stated that Carney was the registered representative for these customer accounts at his member firm. These customers periodically discussed their account strategies with Carney and gave him verbal authorization to exercise discretion in their accounts but did not give him written authorization to exercise discretion, and the firm did not approve the accounts as discretionary accounts.

The suspension was in effect from November 4, 2013, through November 15, 2013. ([FINRA Case #2011028773801](#))

Jazmin Marie Castano (CRD #6015249, Associated Person, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Castano consented to the described sanction and to the entry of findings that she forged a customer's signature on withdrawal slips and made unauthorized withdrawals totaling \$700 from the customer's checking account, converting the funds to her own use. The findings stated that Castano completed the withdrawal slips with her bank employee number, which let her withdraw funds from a teller's window in her branch, without the customer being present and showing identification. The findings also stated that the customer complained to the bank about the unauthorized withdrawals from her account. The bank credited the customer the full amount of withdrawn funds. Castano did not contribute to the repayment. ([FINRA Case #2012031719401](#))

Steven Keith Cates (CRD #1599944, Registered Principal, Ponte Vedra Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Cates' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Cates consented to the described sanctions and to the entry of findings that by depositing and cashing checks with insufficient funds to cover the checks, he obtained unauthorized loans from his banking institution and was thereby engaged in check kiting.

The findings stated that Cates cashed checks totaling \$8,545.28 and deposited the checks against his personal bank checking account. Despite not having sufficient funds in his money market account at another financial institution, Cates used the money market checks to either obtain cash or cover debited expenses against his personal bank checking account until his paycheck was credited to the personal bank checking account. All checks were later returned for insufficient funds because the money market account never had a balance higher than \$.91. The findings also stated that Cates willfully failed to timely inform his member firm of his compromises with creditors, and failed to timely amend his Form U4 to disclose these compromises within the required 30-day period. Cates' failure to timely report his creditor compromises was willful given that he was reminded of this responsibility, in a Letter of Education the firm issued to him, that he was to maintain current Form U4 information and to file changes and amendments within 30 days.

The suspension is in effect from October 21, 2013, through April 20, 2014. ([FINRA Case #2012033210801](#))

William Wells Caulkins (CRD #830006, Registered Representative, Kentfield, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Caulkins' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Caulkins consented to the described sanctions and to the entry of findings that he executed transactions in customers' accounts without the customers' prior written authorization and without his member firm's written acceptance of the accounts as discretionary. The findings stated that Caulkins' exercise of discretion in the customers' accounts violated his firm's policies and procedures.

The suspension was in effect from November 4, 2013, through December 3, 2013. ([FINRA Case #2012034421101](#))

Scott Lawrence Christie (CRD #1286242, Registered Representative, Scottsdale, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Christie's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Christie consented to the described sanctions and to the entry of findings that he entered inaccurate dates on subscription agreements for an offering. The findings stated that Christie's member firm was placement agent in a private placement contingent offering by the issuer, for a minimum of 1 million and a maximum of 4.1 million units of participation at \$1 per unit, with a termination date. The private placement memorandum (PPM) stated that the offering, unless extended, would be terminated and subscription

funds promptly returned if subscriptions for the minimum offering were not received and accepted on the termination date. The findings also stated that before the termination date, \$370,000 was in an escrow account for the offering, representing funds received from investors. The firm issued a supplement to the PPM reducing the minimum offering amount to 350,000 units. The supplement also stated that all subscribers with funds in escrow as of the date of distribution of this supplement or that otherwise had not executed and returned a first restated subscription agreement were entitled to rescind their subscription and receive a return of their cash investment. The supplement further stated that in order to ratify their investment, subscribers must execute and return a first restated subscription agreement. The findings also included that Christie met with some investors who signed the agreements and was aware that the agreements were signed during that period. However, Christie wrote a past date on the signature page of the agreements—the same date the customers signed the original subscription agreement. By inserting a date on the agreements that preceded the date the customers signed the document, Christie caused the books and records of the firm with respect to the issuer's offering to be inaccurate.

FINRA found that Christie also falsified the original subscription agreements executed by some customers whose first restated subscription agreements were not received before the funds were wired from the issuer's escrow account to make an investment in the shares of a company. These falsifications of the dates occurred after the investors signed the agreements, without the knowledge or consent of the investors who had signed the subscription agreements at least two months earlier. Thereby, Christie caused the firm's books and records with respect to the issuer's offering to be inaccurate.

The suspension is in effect from November 4, 2013, through February 3, 2014. ([FINRA Case #2011025504302](#))

Shane Edward Crown (CRD #5269502, Registered Representative, Frenchtown, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Crown consented to the described sanction and to the entry of findings that he was appointed treasurer of his member firm's department's associate satisfaction committee, which would raise money through fundraisers to pay for team-building events. The findings stated that Crown, as treasurer, was responsible for the safekeeping of cash funds raised. While planning its holiday party, the committee discovered that funds were missing. When confronted, Crown acknowledged converting \$850 because he was having financial difficulties and took the funds from a money box. ([FINRA Case #2012035327201](#))

Darrell Steven Current (CRD #1375058, Registered Representative, Louisville, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Current consented to the described sanction and to the entry of findings that

he failed to comply with FINRA requests for testimony. The findings stated that Current advised FINRA verbally and by email that he would not appear for testimony or cooperate further with FINRA's investigation. The findings also stated that Current exercised discretion on several occasions in a customer's accounts with the customer's verbal but not the required prior written authorization, and without his member firm's required written acceptance. ([FINRA Case #2012031739101](#))

Michael J. Davey (CRD #4905761, Registered Principal, Nashua, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Davey's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Davey consented to the described sanctions and to the entry of findings that he falsified a form that authorized an insurance company to withdraw money each month from the bank account of Davey's customer, to pay the premium on a life insurance policy that Davey recommended to the customer. The findings stated that Davey prepared the falsified form by photocopying the customer's signature from another document and taping it to the automatic withdrawal form. Davey then submitted the falsified form to an insurance company. The findings also stated that Davey signed a second customer's name to an illustration of an insurance policy that Davey recommended to the customer. Davey then submitted that form to an insurance company. Both customers sought to purchase the insurance policies that Davey recommended to them, but neither customer authorized Davey to affix their signatures to forms, or consented to his acts.

The suspension is in effect from November 4, 2013, through February 3, 2014. ([FINRA Case #2011029936801](#))

David Scott Detwiler (CRD #2676065, Registered Representative, Wayne, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Detwiler consented to the described sanction and to the entry of findings that he submitted false business expense reimbursement reports to his member firm. The findings stated that the reports requested reimbursement of mileage for the business use of his personal vehicle and other expenses that he had not actually incurred in connection with his employment at the firm. Relying on the accuracy and validity of the expense reports Detwiler submitted, the firm paid Detwiler approximately \$785 for the expenses he improperly submitted for reimbursement. Detwiler knew he was not entitled to receive the reimbursements. The findings also stated that Detwiler converted the funds to his own use and benefit. ([FINRA Case #2013035964801](#))

Lorrie Smith Donlon (CRD #1776362, Registered Representative, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$20,000 and suspended from association with any FINRA member in any capacity for 18 months. The

fine must be paid either immediately upon Donlon's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Donlon consented to the described sanctions and to the entry of findings that she did not provide notice to, or receive approval from, her member firm related to outside business activities for compensation involving the firm's customers. The findings stated that Donlon went to the home of an elderly couple who were her firm's customers to, among other things, sort mail, assist paying bills, review various account statements, and organize and file their financial documents. The customers agreed to pay Donlon approximately \$300 per week in exchange for her services. Donlon deposited checks totaling \$10,518.66 from the customers' joint checking account at a third-party bank to her firm checking account or her personal credit union account. Each of the checks was drafted by Donlon and signed by the customers. The findings also included that Donlon was required to complete and submit responses to the firm's Annual Sales Support Questionnaire. Donlon misrepresented on the questionnaire that she did not participate in any outside business activities. After having received checks totaling \$9,918.66 from the customers related to the above-referenced activities for compensation, Donlon completed and submitted a questionnaire wherein she affirmed that she did not participate in any outside business interests or affiliations that required disclosure. This response was not true because Donlon had received compensation for services away from the firm, and the firm's policies and procedures required its registered representatives to provide written notice of outside business activities and receive prior approval from its designated principals before engaging in any such activities and accepting compensation from any person or organization outside the firm.

FINRA found that Donlon made false statements to the firm regarding the frequency of the checks that she received from the customers. A firm operations manager discovered a deposit from the customers' third-party bank account to Donlon's firm checking account. Donlon stated to the operations manager that the check represented a one-time payment from the customers for work that she had done for them. The operations manager then reviewed Donlon's firm checking account and discovered several additional deposits from the customers' third-party bank account. The operations manager again confronted Donlon regarding the previously discovered check. Donlon reiterated that the previously discovered check was a one-time payment from the customers. Donlon's representations that the check was a one-time payment were not true because, as of the date of that conversation, Donlon had received and deposited checks from the customers' personal account, totaling \$10,518.66, in exchange for services she provided to the customers. FINRA also found that Donlon knowingly made false statements during her FINRA on-the-record interview that she had spoken to her manager regarding her outside business activity with the customers, when in fact she had not.

The suspension is in effect from November 4, 2013, through May 3, 2015. ([FINRA Case #2013035872501](#))

Paul Joseph Dumouchel (CRD #2882033, Registered Representative, Wellesley, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dumouchel consented to the described sanction and to the entry of findings that FINRA sent him a letter requesting that he provide certain documents, including correspondence with the client at issue in a Massachusetts Securities Division matter as well as other documents concerning that client. The findings stated that to date, Dumouchel has not provided any of the requested documents to FINRA. Rather, Dumouchel shredded all of his client files, including the materials in those files that FINRA requested. ([FINRA Case #2011030536001](#))

Mary Alice Faher (CRD #2852644, Registered Representative, Stevensville, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$15,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Faher's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Faher consented to the described sanctions and to the entry of findings that she recommended and effected purchases of membership interests, in diversified land contract limited partnerships, offered by an entity, in the accounts of her member firm's customers who were retired and/or of limited financial means. The findings stated that the offering memoranda for the diversified limited partnerships stated that the investment was speculative in nature and possessed unique risks, including illiquidity, non-transferability, default risk and adverse market conditions. The findings also stated that Faher's recommendations were unsuitable for the customers because some of these customers did not have experience investing in private placements, as well as, given their investment objectives for their accounts. The concentrated positions of the customers in the diversified limited partnerships exposed these customers to a level of risk of loss and speculation, and resulted in an unsuitable level of concentration in limited partnerships in their accounts.

The suspension is in effect from October 21, 2013, through January 20, 2014. ([FINRA Case #2012033879801](#))

Robert Rene Fiallo (CRD #5397425, Associated Person, Potomac, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Fiallo's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Fiallo consented to the described sanctions and to the entry of findings that he solicited customer investments in offerings for a member firm, as well as received customer checks and signed offering agreements on the firm's behalf. The findings stated that Fiallo's conduct required registration as a general securities representative. Fiallo was not properly

registered in such capacity. The findings also stated that Fiallo, who at all times owned 50 percent or more of the firm or its holding company, failed to register as a principal prior to becoming actively engaged in the management of the firm's securities business. In addition, Fiallo opened a bank account for the firm and engaged in financial transactions on the firm's behalf. Fiallo's failure to register prior to this conduct was inconsistent with his previous attestation to FINRA that he would not participate in the firm's securities business until he completed the appropriate registrations.

The suspension is in effect from October 7, 2013, through January 6, 2014. ([FINRA Case #2011025856401](#))

Norman Frager (CRD #212448, Registered Principal, Chesterfield, Missouri) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in a financial and operations principal (FINOP) capacity for 40 days. Without admitting or denying the allegations, Frager consented to the described sanctions and to the entry of findings that Frager's firm, acting through him, failed to comply with the applicable Securities Exchange Act of 1934 rules when it used the instrumentalities of interstate commerce or the mails to conduct a securities business while failing to maintain its required net capital. The findings stated that when the firm's net capital amount declined below the minimum net capital amount, it was required to give notice of such deficiency that same day to both FINRA and the SEC. The firm, acting through Frager, failed to submit notifications and/or timely notifications to both FINRA and the SEC that the firm was operating with insufficient net capital and/or that its net capital amount was less than 120 percent of its required minimum net capital. The findings also stated that for settlement purposes, FINRA dismissed the recordkeeping and notification/reporting charges alleged in the complaint against Frager.

The suspension is in effect from November 18, 2013, through December 27, 2013. ([FINRA Case #2009020465801](#))

Fred Stephen Galovich Sr. (CRD #217097, Registered Representative, Sewickley, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. The fine must be paid either immediately upon Galovich's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Galovich consented to the described sanctions and to the entry of findings that from 2000 to 2007, he sent a customer customized account summaries that overstated the actual value of the customer's account. The findings stated that the customer had requested that Galovich prepare the account summaries and had received the account summaries, in addition to receiving official account statements from the mutual fund company and invoices Galovich prepared disclosing the advisory fee for services rendered, which was based on the accurate valuation of the customer's account.

Galovich was negligent in failing to ensure that the account summaries he sent accurately reflected the customer's account value.

The suspension was in effect from October 7, 2013, through November 1, 2013. ([FINRA Case #2011027318601](#))

Steven Lee Goldberg (CRD #1077437, Registered Principal, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Goldberg's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Goldberg consented to the described sanctions and to the entry of findings that he failed to provide his member firm with prior written notice of his participation in private securities transactions, on behalf of and through a limited liability company, outside the scope of his employment with the firm, and failed to obtain the firm's approval of his participation in the investments. The findings stated that Goldberg's management over the investment decisions, on behalf of and through the limited liability company, led to his participation in separate private securities transactions involving securities such as interests in an entity that owned shares of a publicly traded company, convertible promissory notes and common stock. The investments in private securities transactions occurred sporadically, over a lengthy period, and involved the investment of almost \$2 million.

The suspension is in effect from October 21, 2013, through December 20, 2013. ([FINRA Case #2012032656701](#))

James Eric Grevis (CRD #3199953, Registered Representative, Hanover, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Grevis' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Grevis consented to the described sanctions and to the entry of findings that he engaged in a check-kiting scheme using checking and saving accounts he opened at a bank. The findings stated that Grevis wrote checks, each in the amount of \$250, knowing that he had insufficient funds in the respective checking account to cover the payments. Grevis deposited each of the checks into one of his accounts and then drew off the available funds. After the check failed to clear, Grevis generally carried the overdraft for a short period of time, offsetting it with the deposit of his paycheck or a fund transfer from one of his other accounts at the bank. By the end of the relevant period, Grevis owed the bank at least \$680 in unpaid overdrafts.

The suspension is in effect from November 18, 2013, through March 17, 2014. ([FINRA Case #2012031712601](#))

Charles Scot Jacobi (CRD #1209710, Registered Principal, Palatine, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000, suspended from association with any FINRA member in any capacity for one month, and ordered to requalify by examination for the Series 7 and 63 licenses prior to associating with a member firm following the suspension. Without admitting or denying the findings, Jacobi consented to the described sanctions and to the entry of findings that his actions in transactions facilitated another member firm's purchase or sale of municipal securities or other securities for a commission or service charge that was in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transactions; the expense of executing or filling the customers' orders; the value of the services rendered by the broker, dealer or municipal securities dealer; and the amount of any other compensation received or to be received by the broker, dealer, or municipal securities dealer in connection with the transactions.

The suspension is in effect from November 18, 2013, through December 17, 2013. ([FINRA Case #2008012367901](#))

Joann Jackson (CRD #2246952, Registered Representative, Coeur d'Alene, Idaho) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jackson consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests for documents and information, and to appear for on-the-record testimony regarding misrepresentation to her member firm about borrowing money from a client, the nature of funds transfers, and failure to fully respond to firm requests for information regarding a client complaint. The findings stated that the firm's Form U5 disclosed a pending customer dispute over allegations that Jackson misappropriated funds and that \$693,083.76 in damages was identified. The findings also stated that Jackson's counsel informed FINRA that she would not respond to FINRA's requests for documents, information and testimony. ([FINRA Case #2013038527601](#))

Ambiorix Rafael Jaquez (CRD #3266827, Registered Principal, Bronx, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Jaquez's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Jaquez consented to the described sanctions and to the entry of findings that he willfully failed to disclose tax liens and one judgment on his Form U4. The findings stated that Jaquez was aware of these liens and judgment, and had entered into payment plans to satisfy them. Jaquez has been registered at numerous FINRA member firms and to date, failed to amend his Form U4 to disclose the liens and judgment.

The suspension was in effect from October 7, 2013, through December 6, 2013. ([FINRA Case #2013037424201](#))

Vincent Waleed Jelani aka Vincent Waleed Baghanojelani aka Vincent Waleed Baghban (CRD #4766028, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jelani consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information and documents concerning certain transactions in his member firm customer's brokerage account. The findings stated that Jelani responded through counsel and declined to produce the requested documents and information. ([FINRA Case #2011030823201](#))

Francis Melvin Johnson (CRD #1607751, Registered Representative, Raleigh, North Carolina) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Johnson consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests to provide a detailed written statement and to appear for on-the-record testimony regarding the alleged borrowing of approximately \$1.2 million from a customer's family trust. ([FINRA Case #2013035617201](#))

Reid Stuart Johnson (CRD #1043574, Registered Principal, Paradise Valley, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 45 business days. The fine must be paid either immediately upon Johnson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Johnson consented to the described sanctions and to the entry of findings that he willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-9 by withdrawing \$300,000 from the escrow account of an issuer, before his member firm had reconfirmed investments for all of the investors, thereby satisfying the minimum sales contingency. The findings stated that Johnson's firm was placement agent in a private placement contingent offering by the issuer, for a minimum of 1 million and a maximum of 4.1 million units of participation at \$1 per unit, with a specified termination date. The PPM stated that the offering, unless extended, would be terminated and subscription funds promptly returned if subscriptions for the minimum offering were not received and accepted on or before the termination date. The findings also stated that before the termination date, \$370,000 was in an escrow account for the offering, representing funds received from investors. The firm issued a supplement to the PPM reducing the minimum of the offering to 350,000 units. The supplement also stated that all subscribers with funds in escrow as of the date of distribution of this supplement or that otherwise had not executed and returned a first restated subscription agreement were entitled to rescind their subscription and receive a return of their cash investment. The supplement further stated that in order to ratify their investment, subscribers must execute and return a first restated subscription agreement. Thereafter, although only some of the investors had returned signed first restated subscription agreements to the firm, the

firm instructed the escrow agent to wire \$300,000 from the escrow account to a company to purchase 240,000 shares of that company's stock, and it sold additional units to investors. Approximately two years later, and after FINRA began its investigation into this matter, the firm obtained signed copies of first restated subscription agreements from the initial investors who had not signed such agreements prior to the firm releasing funds from the issuer's escrow account. The findings also included that Johnson signed first restated subscription agreements with a false date, and thereby caused the books and records of the firm with respect to the issuer's offering to be inaccurate.

FINRA found that the manner in which the funds were to be used was misrepresented in the supplement to the issuer's PPM, for which Johnson was responsible. The supplement stated that approximately \$28,815 would be used to fund a limited partnership to acquire a life insurance policy and that the acquisition of 100 percent of the equity interest of a limited partnership which holds a life insurance policy was part of the investment strategy of the issuer. The issuer did not purchase the life policy as part of its investment strategy. FINRA also found that the firm, acting through Johnson, did not establish, maintain and enforce written procedures designed to achieve compliance with applicable securities laws and regulations with respect to contingency offerings.

The suspension is in effect from November 4, 2013, through January 8, 2014. ([FINRA Case #2011025504301](#))

David C. Key (CRD #5339149, Registered Principal, Baton Rouge, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Key consented to the described sanction and to the entry of findings that he converted approximately \$308,000 from member firm customers and improperly used the funds to repay gambling debts. The findings stated that customers gave Key funds to invest in firm products, and based on his representations, believed their funds had been invested. Key provided some customers with fictitious correspondence on firm letterhead that thanked the customers for their recent investments. The findings also stated that Key failed to respond to FINRA requests to appear for testimony, and advised FINRA verbally and in writing that he would not appear for testimony and confirmed his willingness to accept a permanent bar. ([FINRA Case #2012032574701](#))

William Wayne LaRue (CRD #1279279, Registered Principal, Conway, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon LaRue's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, LaRue consented to the described sanctions and to the entry of findings that he effected one mutual fund transaction in each IRA of some customers without the customers' prior

authorization to purchase the individual mutual funds in their IRAs. The findings stated that LaRue effected various discretionary transactions in a customer's account without obtaining the customer's prior written authorization and without having his member firm's acceptance of the account as a discretionary account.

The suspension is in effect from November 4, 2013, through March 3, 2014. ([FINRA Case #2011030142101](#))

Marla Charlene Lindsay (CRD #6147628, Associated Person, Greensboro, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Lindsay's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lindsay consented to the described sanctions and to the entry of findings that she failed to disclose a felony charge and her accurate employment history on her Form U4.

The suspension was in effect from November 4, 2013, through December 3, 2013. ([FINRA Case #2013035725401](#))

Martin John Maloney (CRD #2143764, Registered Principal, Irving, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Maloney consented to the described sanction and to the entry of findings that he instructed a retired customer to liquidate certain accounts at his member firm and deposit the funds into his checking account. The findings stated that at Maloney's instruction, the customer wrote checks totaling \$220,000 to Maloney, who falsely represented that the money was being invested in an indoor golf and driving range. Maloney never invested the money but converted the money for his own use and benefit. The customer never received any interest payments or return of principal, and never received documentation of his investment. ([FINRA Case #2012031390201](#))

Sterling Tyler Moore (CRD #2646859, Registered Principal, Lafayette, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Moore's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Moore consented to the described sanctions and to the entry of findings that he held a financial interest in a brokerage account at another brokerage member firm without giving prompt written notification to his member firm that he had such a financial interest and without notifying the other brokerage firm of his association with his member firm.

The suspension was in effect from October 7, 2013, through November 6, 2013. ([FINRA Case #2012033467201](#))

Deborah Ann Mrosła (CRD #1850817, Registered Principal, Hastings, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$7,500 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Mrosła's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mrosła consented to the described sanctions and to the entry of findings that an imposter posing as a customer of Mrosła's member firm sent emails to the customer's broker requesting wire transfers from the customer's account to a third-party's bank account. The findings stated that as part of processing wire requests, the firm required that a client's authorization be signature guaranteed, which requires a firm employee to personally witness a customer sign the required documents and obtain government-issued identification to confirm the signor's identity. The imposter sent the broker signed wire transfer forms and the broker gave the third-party wire request forms to Mrosła to process. The findings also stated that Mrosła, the broker's sales assistant, falsely indicated on a wire transfer request form that she authenticated the customer's signature in accordance with the firm's signature guarantee policy, when in fact Mrosła never personally witnessed the customer sign the document, nor did she obtain any identification to verify the signor's identity. Mrosła then faxed the wire request forms to the firm's home office, whereupon a wire was processed for \$40,267.53 and sent from the customer's account.

A week later, the imposter sent the broker a signed wire transfer form and instructions to transfer \$30,000 from the customer's account to a third-party account. Once again, Mrosła falsely indicated on the wire transfer request form that she authenticated the customer's signature when she never personally witnessed the customer sign the document or obtain any identification to verify the signor's identity. Mrosła faxed the form to the home office, which processed and sent a wire for \$30,000. The findings also included that the home office became suspicious of a third request for \$22,000 given the frequent activity in a two-week time span. The home office contacted the customer at the telephone number Mrosła provided, at which time the customer informed the firm that he never made any wire-transfer requests. The firm immediately rejected the third wire and a block was placed on the account. The firm also recalled the wires issued on earlier dates and the customer's account statement was reimbursed such that there wasn't any loss to the customer. FINRA found that by falsely attesting to the identity of the client, Mrosła caused her firm to maintain false books and records concerning these wire transfer requests.

The suspension is in effect from November 4, 2013, through January 3, 2014. ([FINRA Case #2012033967801](#))

Irfan Ahmad Nagi (CRD #2987136, Registered Representative, Valley Stream, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Nagi's reassociation with a FINRA member

firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Nagi consented to the described sanctions and to the entry of findings that several judgments were entered in favor of creditors against him, but Nagi disclosed only the first of these judgments on his Form U4, and failed to make that disclosure in a timely manner. The findings stated that despite instructions from the member firm that material facts disclosures were required within 30 days of the event, and that Nagi should make the disclosure immediately, he did not amend his Form U4 to disclose any of the other judgments entered against him. Nagi willfully failed to disclose material information on his Form U4.

The suspension is in effect from October 21, 2013, through January 20, 2014. ([FINRA Case #2011030466701](#))

John Albert Nobile (CRD #1722346, Registered Principal, Delray Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Nobile consented to the described sanctions and to the entry of findings that he sent, on a nearly daily basis, a targeted email blast communication to retail customers and potential customers. The findings stated that the email blasts were business-related written communications that constituted correspondence and sales literature, and included third-party research and recommendations to purchase and sell securities (written communications). Nobile did not have prior approval by a registered member firm principal before he distributed his written communications. The findings also stated that certain of Nobile's written communications failed to comply with the requirements for dissemination and use of third-party research reports by not having approval of the third-party research by signature or initial of a firm registered principal. The findings also included that Nobile's written communications presented oversimplified claims that omitted material information.

FINRA found that certain of Nobile's written communications on investing in shares of stock failed to disclose, where applicable, that at the time the sales literature was published, the member was making a market in the securities being recommended, or in the underlying security if the recommended security was an option or security future, or that the member or associated persons would sell to or buy from customers on a principal basis; that the member and/or its officers or partners had a financial interest in any of the securities of the issuer whose securities were recommended, and the nature of the financial interest (including, without limitation, whether it consisted of any option, right, warrant, future, long or short position), unless the extent of the financial interest was nominal; and that the member was manager or co-manager of a public offering of any securities of the recommended issuer within the past 12 months. FINRA also found that certain of Nobile's written communications failed to provide a sound basis for evaluating the facts and contained exaggerated, unwarranted or misleading statements or claims.

The suspension was in effect from November 18, 2013, through December 2, 2013. ([FINRA Case #2012030487401](#))

Charles Edward O'Hara (CRD #735399, Registered Principal, Newport, Rhode Island) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, O'Hara consented to the described sanctions and to the entry of findings that he borrowed \$14,650 from a married couple whose husband was one of O'Hara's customers at his member firm and he promised to pay the couple 12 percent annual interest and repay the loan in full by nine months. The finding stated that the firm's procedures prohibited registered representatives from borrowing money from customers, and O'Hara did not seek or obtain the firm's approval before entering into the loan. By the due date, O'Hara had only paid \$480 to the married couple. O'Hara paid them an additional \$6,770 toward the loan at a later date; and the following year, O'Hara completed repayment of the loan, including accrued interest, making a final payment of \$11,000 to the couple.

The suspension is in effect from October 21, 2013, through December 20, 2013. ([FINRA Case #2012034512101](#))

Christopher Ryan Reber Orlando (CRD #2927859, Registered Representative, Stamford, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Orlando's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Orlando consented to the described sanctions and to the entry of findings that he participated in private securities transactions by facilitating investments in promissory notes that were not made through his firm. The findings stated that the investors purchased at least \$7 million of the notes that Orlando marketed, and he received approximately \$206,625.62 in selling compensation from the sales. The findings also stated that Orlando did not provide his firm with written or any notice of the transactions or his participation in them, and he did not obtain his firm's prior approval to participate in this activity.

The suspension is in effect from November 4, 2013, through November 3, 2015. ([FINRA Case #2009020528902](#))

Jerry Allen Papin Jr. (CRD #2226175, Registered Principal, Idaho Falls, Idaho) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Papin failed to substantially comply with FINRA's requests for information and documents. The findings stated that FINRA concluded from an amended Form U5 that a member firm had filed on Papin's behalf that he might have operated an outside business entity that the firm had not approved. Accordingly, FINRA requested information and documents from Papin about that business. ([FINRA Case #2011029388401](#))

Mark Peter Pompeo (CRD #1897147, Registered Supervisor, Hull, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Pompeo consented to the described sanctions and to the entry of findings that he participated in the offer and sale of a private placement offering at his member firm. The findings stated that as part of his sales efforts, Pompeo periodically sent emails to current and prospective investors providing updates and information on the company. The emails constituted a communication with the public as defined by NASD Rule 2210(a), and Pompeo's emails contained various false and misleading statements.

The suspension was in effect from November 18, 2013, through December 2, 2013. ([FINRA Case #2012030527502](#))

William Joseph Radack Jr. (CRD #369840, Registered Supervisor, Jamestown, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. In determining sanctions, FINRA took into account the firm's prior discipline of Radack for the same conduct. Without admitting or denying the findings, Radack consented to the described sanctions and to the entry of findings that he entered false order entry information for securities transactions in customer accounts. The findings stated that Radack entered information into the firm's order system, which stated that the transactions were unsolicited when they were in fact solicited.

The suspension was in effect from November 4, 2013, through November 15, 2013. ([FINRA Case #2012031561601](#))

David Kennedy Richards (CRD #375518, Registered Principal, Shawnee Mission, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any principal capacity, with the exception that Richards may continue to act as a FINOP, for 60 days. Without admitting or denying the findings, Richards consented to the described sanctions and to the entry of findings that he provided FINRA with altered customer account records during a routine examination of his member firm. The findings stated that during this examination, FINRA requested copies of account records for some customers to obtain evidence that a principal had reviewed and approved the transactions taken in these customer accounts. The findings also stated that the original account records had no principal signature showing that the firm had reviewed and approved the transactions. Richards altered these original records by adding his signature to the records to make it appear as if the firm had reviewed and approved the transactions at the time the transactions occurred instead of after-the-fact, and only in response to FINRA requests for records. Richards did not inform FINRA that he had altered the records by adding his signature to show principal approval.

The suspension is in effect from November 18, 2013, through January 16, 2014. ([FINRA Case #2011025495702](#))

Bryan Mark Rigg (CRD #5117040, Registered Representative, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Rigg consented to the described sanctions and to the entry of findings that he participated in a private securities transaction without providing written notice to, or obtaining prior written approval from, his member firm. The findings stated that Rigg's participation included the offer and sale of \$500,000 worth of a company's preferred stock to an investor in connection with a Rule 506 Regulation D offering. Rigg received compensation for the sale.

The suspension is in effect from November 4, 2013, through January 3, 2014. ([FINRA Case #2011029647801](#))

Ashley Lynn Robinson (CRD #5925998, Registered Representative, San Diego, California) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Robinson consented to the described sanction and to the entry of findings that she refused to provide FINRA-requested documents and information in connection with an investigation into deposits and liquidations of certain penny stocks at Robinson's member firm and whether the firm failed to implement and enforce its AML procedures to cause the reporting of suspicious activity and to achieve compliance with the Bank Secrecy Act. The findings stated that Robinson provided written responses to FINRA's initial requests for information. In light of further information gathered in the investigation, FINRA sent Robinson another request for information and documents regarding bank statements, tax returns and other financial information relating to compensation she and others earned in connection with the liquidation of certain penny stocks in customer accounts. FINRA received a letter from Robinson in which she stated that she would not provide the financial information responsive to the request, which has impeded FINRA's investigation. ([FINRA Case #2012030565001](#))

Lawrence Spaulding Rule (CRD #1613163, Registered Representative, Eatonton, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for five months. In light of Rule's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Rule consented to the described sanction and to the entry of findings that he engaged in unsuitable excessive trading in the brokerage account of a customer at his member firm. The findings stated that the customer opened a non-discretionary brokerage account with Rule at the firm. The investment objective for the customer's account was moderate growth and income. The findings also stated that Rule executed numerous trades on 92 trading days in the customer's brokerage account. Rule controlled the account and the frequency of the trading. The trades totaled over \$2.3 million and the purchases totaled over \$1.2 million. Rule's trading resulted in customer losses of \$3,395, gross commissions of \$51,024, a turnover rate of 29.76 percent, and a cost-to-equity ratio of 126.80 percent.

Given the customer's lack of investment experience, she was unable to assess the merits of the trading activity Rule had engaged in. The findings also included that without prior written customer authorization, Rule improperly exercised discretionary trading authority in the brokerage account of the customer, who was not a member of Rule's family. While the customer acknowledged that Rule had contacted him on a sporadic basis to discuss his general trading recommendations for the account, the customer only became aware of the trade details, after the fact, upon receipt of the trade confirmations and monthly account statements. The firm's policies and procedures prohibited discretionary trading in its customers' brokerage accounts, unless for a family member. FINRA found that the firm required its registered representatives to complete compliance questionnaires on an annual basis. On one occasion, Rule completed and signed a compliance questionnaire in which he represented to the firm that he had not exercised discretionary trading authority over any customer account. Given that Rule exercised trading discretion in the customer's brokerage account, his answer was false.

The suspension is in effect from November 4, 2013, through April 3, 2014. ([FINRA Case #2010023823001](#))

Scott Donovan Schroeder (CRD #2277248, Registered Representative, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Schroeder consented to the described sanction and to the entry of findings that he made unsuitable investment recommendations to elderly customers. The findings stated that the elderly customers' investment objectives were income, capital preservation, capital appreciation and long-term growth. Their risk tolerance was moderate. Schroeder recommended that some customers liquidate a portion of their mutual fund holdings and use the proceeds to invest \$100,000 in oil and gas interests issued by an entity, and \$150,000 in life settlement contracts issued by another entity. Schroeder recommended that other customers invest in high-risk investments by investing \$150,000 in life settlement contracts issued by a limited liability company, and \$50,000 in a high-risk assisted living facility private placement investment. The offering materials for all of these investments stated that the investments were high-risk and that investors could lose all of their investment funds. The oil and gas interests entity subsequently defaulted and the customers lost their entire \$100,000 investment. A receiver was put in place to take over the business operations of the life settlement contracts limited liability company, and the investment is not currently making any principal or interest payments. The findings also stated that Schroeder's recommendation that the customers invest a high percentage of their retirement savings or assets in high-risk investments was unsuitable in light of their age, net worth, income, investment objectives, risk tolerance and retirement status. The findings also included that Schroeder recommended that a customer invest in the life settlement contracts limited liability company, and assisted the customer in obtaining a \$400,000 loan to implement his investment recommendation. The customer used the entire loan amount to invest in the company. Schroeder did not disclose the source of the

customer's investment funds to his member firm at the time he processed the investment through the firm. The firm's WSPs expressly prohibited registered representatives from allowing customers to utilize borrowed funds to make investments. Although the investment is not currently making principal or interest payments, the customer is still responsible for making monthly loan payments.

FINRA found that Schroeder made material misrepresentations and omitted material facts in connection with offers and sales of certain investment products. Schroeder omitted to disclose to customers that the owner and CEO of the life settlement contracts limited liability company had prior disciplinary history for actions brought by the SEC, the Texas State Securities Board, and the Texas Department of Insurance in connection with fraudulent offers and sales of investment products to the public. Schroeder also misrepresented to customers that his recommended investments were safe investments that would not put their investment principal at risk, when in fact the offering documents for these investments stated that the investments were high-risk and that investors may lose all of their investment funds. Schroeder failed to disclose to customers that the income distribution payment that he caused to be sent to them each month, purportedly from earnings on their investments, included a portion of the emergency cash reserve funds in their firm account. ([FINRA Case #2011029445601](#))

Adam Sclafani (CRD #2735036, Registered Representative, Holbrook, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 15 months. The fine must be paid either immediately upon Sclafani's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sclafani consented to the described sanctions and to the entry of findings that he engaged in excessive trading in customers' accounts, causing the customers' accounts to be turned over 42-99 times, and to incur cost-to-equity ratios of 164-312 percent. The findings stated that Sclafani opened or participated in the opening of accounts, and the placement of initial purchase orders, for the individuals who did not agree to open accounts or make trades through his firm. In all instances, the trades were cancelled when the customers refused to pay for them. Sclafani recommended that the customers purchase certain securities, but did not obtain sufficient information about the customers' investment objectives, risk tolerances and/or financial conditions to have a reasonable basis for those recommendations. In addition, in one instance, Sclafani created new account documents that contained inaccurate information about the customer's net worth and investment objectives. The findings also stated that Sclafani engaged in unauthorized trading in an existing customer's account by purchasing shares of an exchange-traded fund for the customer. When that customer did not pay for the trade, Sclafani caused the transaction to be placed in the account of another customer without the latter customer's authorization. At the time of the unauthorized trade, the value of the shares had already decreased by approximately \$3,000. The findings also included that Sclafani made unauthorized

trades and used margin without authorization in another customer's account. When the customer opened an account with Sclafani, he agreed to purchase one of the two securities Sclafani recommended, but only agreed to consider purchasing the other security after he had a chance to research it. The customer also told Sclafani not to purchase any securities on margin. Notwithstanding this, Sclafani placed an order to buy the second security. Sclafani cancelled the purchase after the customer complained. Sclafani also induced the customer to sign a margin agreement in case the customer later wanted to use margin, but purchased securities on margin contrary to the customer's instruction not to do so. Thereafter, Sclafani made other purchases in this customer's account without authorization.

The suspension is in effect from November 4, 2013, through February 3, 2015. ([FINRA Case #2009016159109](#))

Peter J. Sermabeikian (CRD #3084958, Registered Principal, Jamaica Plain, Massachusetts) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Sermabeikian failed to timely respond to FINRA requests for information and documents regarding alleged sales practices violations. The findings stated that Sermabeikian did not respond at all until FINRA sent him a notice of suspension pursuant to FINRA Rule 9552. The allegation that Sermabeikian provided false testimony during a FINRA on-the-record interview was dismissed because it was insufficient to prove a violation of FINRA Rule 8210. ([FINRA Case #2011029661402](#))

Bret Marc Shapiro (CRD #1924771, Registered Principal, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Shapiro consented to the described sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose various tax liens filed against him by the Internal Revenue Service (IRS) within 30 days of receipt of the notices.

The suspension is in effect from November 18, 2013, through February 17, 2014. ([FINRA Case #2013035763501](#))

Samuel Delshaul Shoemaker (CRD #4932603, Registered Representative, New York, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Shoemaker, as a personal banker at his member firm's bank affiliate, had access to personal confidential information of bank customers, which he disclosed to a third person, who was not authorized to receive it and used the information to fraudulently create debit cards for the accounts of those customers. The findings stated that the accomplice gave the cards to Shoemaker, who used the cards to make purchases and obtain cash for his accomplice from the bank accounts of the unknowing and unconsenting customers. Shoemaker fraudulently misappropriated a total of \$5,375.72 from the customers' accounts. The findings also stated that Shoemaker failed

to respond to FINRA requests for information and documents concerning the circumstances of his termination from the firm and to appear and provide testimony. ([FINRA Case #2011030666301](#))

Ashley Dawn Slinkard (CRD #5188123, Associated Person, O'Fallon, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Slinkard consented to the described sanction and to the entry of findings that she converted \$20,000 by submitting fraudulent invoices for reimbursement to a firm and forged the approver's signature on some of the fraudulent reimbursement requests. ([FINRA Case #2013036119701](#))

Shelley Mae Smith (CRD #1671632, Registered Representative, Boise, Idaho) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the described sanction and to the entry of findings that she knowingly used checks drawn from accounts with insufficient balances to misappropriate funds from her member firm's bank affiliate. The findings stated that Smith issued or caused the issuance of checks drawn from separate accounts she controlled at the bank affiliate of the firm, totaling \$1,290. At the time of each check's issuance, Smith knew that there were insufficient funds in the relevant account to cover the amount of the check. Smith deposited each check issued from one account into the other account and vice versa. After each deposit, Smith made withdrawals from the relevant account before the bank reversed the deposit for insufficient funds. In this manner, Smith appropriated for herself funds of the firm's bank affiliate to which she was not entitled. ([FINRA Case #2012032971701](#))

Anthony C. Stamos (CRD #4354198, Registered Representative, Bay Head, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stamos consented to the described sanction and to the entry of findings that in connection with a FINRA investigation alleging that he falsified a document provided to a member firm, Stamos failed to provide the requested information. The findings stated that Stamos, through his counsel, notified the staff that he would not provide the requested information. ([FINRA Case #2013037309101](#))

Trudy Ann Swint (CRD #1960306, Registered Representative, Wichita, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Swint's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Swint consented to the described sanctions and to the entry of findings that the State of Colorado requires registered representatives to complete a training course prior to selling, soliciting

or negotiating annuities, and Swint permitted a member firm associate financial adviser to take the required Colorado annuity training for her. The findings stated that the associate financial adviser logged onto an insurance continuing education website as Swint and took the Colorado annuity training. Swint compensated the associate for taking the training.

The suspension was in effect from October 7, 2013, through December 5, 2013. ([FINRA Case #2012032428201](#))

Paul Andrew Thomas (CRD #4268732, Registered Representative, Copley, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 10 months. In light of Thomas' financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Thomas consented to the described sanction and to the entry of findings that he engaged in unauthorized trading in penny stocks for customers. The findings stated that with respect to a customer, Thomas invested approximately \$115,000 of the customer's rollover funds from her husband's account in penny stocks, without the customer's authorization. With respect to another customer, Thomas took account instructions from the customer's wife, who did not have a written trading authorization on file with Thomas' member firm. The findings also stated that Thomas engaged in improper discretionary trading in penny stocks for some other customers who each expressly authorized an initial purchase of a particular penny stock. Subsequent to those initial purchases, Thomas purchased additional penny stocks without the customers' prior written authorization granting discretion to Thomas, and without each of the accounts having been accepted as discretionary accounts by his firm. The findings also included that Thomas recommended penny stocks that were unsuitable for customers at various times. With respect to a customer, the penny stock transactions were unsuitable because he was unemployed and had very little liquid net worth, and needed his liquid assets for daily living. The penny stock transactions were unsuitable for other customers in light of their age and investment objectives, and because of undue concentrations of penny stocks in their portfolios. FINRA found that for the penny stock transactions of another customer, Thomas had an agreement with the customer in which he promised to return investment losses if the account value was not made whole by a certain date. FINRA also found that in connection with all of these customers, Thomas improperly marked their penny stock trade tickets as unsolicited, when they were actually solicited, causing his firm's books and records to be incorrect.

The suspension is in effect from October 7, 2013, through August 6, 2014. ([FINRA Case #2011029739901](#))

Marcie Lynice Thompson (CRD #6062355, Associated Person, Sumrall, Mississippi) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Thompson consented to the described sanction and to the entry of findings that she converted \$4,483.67 from the brokerage accounts of member firm customers by processing wire transfers without the customers' knowledge or authority. The findings

stated that Thompson used her position at the firm and ability to access customer account information to effect separate wire transfers from the customers' brokerage accounts to outside bank accounts controlled by Thompson's acquaintances. After Thompson wired these funds to her acquaintances, the acquaintances wrote checks for the funds, pursuant to Thompson's instructions. ([FINRA Case #201303591101](#))

Charles Carleton Torie (CRD #4989014, Registered Representative, Wexford, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Torie's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Torie consented to the described sanctions and to the entry of findings that he signed the names of investors on documents without the investors' knowledge or authorization and submitted the documents to his member firm for processing, failing to disclose that the documents contained non-genuine signatures. The findings stated that the firm processed the documents relying on the validity of the customers' signatures. The findings also stated that in connection with endeavoring to establish an IRA for customers, all of whom had met with Torie and authorized him to open an IRA for them, Torie signed each person's name on a document without their knowledge or authorization. Torie then submitted the account paperwork, including the documents with falsified signatures, to the firm for processing. The findings also included that an initial reviewer of the IRA paperwork that Torie submitted, suspected that certain documents contained non-genuine signatures and promptly reported the apparent signature discrepancies to a manager. The firm thereafter substantiated that Torie had signed a document for each of the persons without authorization and, as a result, did not act on these documents to open accounts or effect any transactions.

The suspension is in effect from October 21, 2013, through January 20, 2014. ([FINRA Case #2013035421901](#))

Ramses Villela (CRD #4884064, Foreign Associate, Mexico D.F. Mexico) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Villela failed to appear and provide FINRA-requested testimony regarding allegations that he engaged in proprietary foreign exchange (FX) trading activity without his member firm's knowledge or consent. The findings stated that he had allegedly forged senior managers' signatures on various counterparty documents to further his wrongful conduct; and as a result, the firm had received a demand from a counterparty totaling approximately \$2.3 million, which it paid. ([FINRA Case #2011028736401](#))

Daniel Edmund Walsh (CRD #1260601, Registered Representative, Jamestown, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for 18 months. The

fine must be paid either immediately upon Walsh's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Walsh consented to the described sanctions and to the entry of findings that while associated with a member firm, he sold equity indexed annuities (EIAs) to investors, some of whom were customers of his firm, outside the scope of his employment, without providing his firm prior written notice of the business activity. The findings stated that the investors purchased EIAs totaling about \$4,937,000 and Walsh received approximately \$123,425 in compensation. Walsh arranged for a non-registered person to impersonate a prospective EIA investor during a telephone call with another member firm regarding a request to expedite the investor's transfer of funds to purchase an EIA. The investor had previously authorized the purchase of the EIA. The transfer did not occur after the other firm detected impersonation, and the investor ultimately did not invest in the EIA with Walsh. The findings also stated that Walsh willfully failed to amend his Form U4 to disclose reportable events involving actions by state insurance regulatory/licensing agencies.

The suspension is in effect from October 21, 2013, through April 20, 2015. ([FINRA Case #2012031184601](#))

Benjamin James Walstrom (CRD #5537305, Registered Representative, Omaha, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Walstrom's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Walstrom consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose that he had been charged with a felony and pled no contest to the felony.

The suspension is in effect from November 4, 2013, through May 3, 2014. ([FINRA Case #2012034064801](#))

Jeff Yung-Tai Wang (CRD #3189260, Registered Representative, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Wang's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Wang consented to the described sanctions and to the entry of findings that a series of emails were sent from a customer email account to Wang and two other firm personnel, including a relationship manager. The findings stated that the emails were sent from an imposter that Wang and the other firm personnel believed to be the actual customer. The emails requested a wire transfer for \$10,000 from the customer's firm

account to a third-party account. The emails the imposter sent indicated that the customer was unavailable to speak over the telephone. The findings also stated that firm procedures prohibited employees from accepting client orders by email without verbally confirming them with the client. Firm procedures further required that third-party instructions, including wire transfer requests and orders for securities transactions, received via email must be verbally confirmed by speaking with the client and that evidence of verbal confirmation be documented by firm personnel. The findings also included that Wang was responsible for obtaining verbal confirmations of this kind and for processing transactions at the direction of the relationship managers. Without speaking to the customer, Wang processed the imposter's \$10,000 wire transfer request and the firm transferred the customer's funds to a third-party account. In order to process the wire transfer, Wang placed his signature and date onto a firm document indicating that he had obtained a verbal confirmation of the request from the customer. As a result, Wang prepared a false form that indicated there was a telephone communication with the customer to confirm the wire transfer instructions.

FINRA found that Wang and relationship managers at the firm received several more emails from the same customer email account instructing the firm to process additional wire transfer requests totaling \$291,500 to a third-party account. As had been done in the earlier transaction, Wang processed the wire transfer requests without speaking to the customer. Wang again placed his signature and date onto the firm document indicating that he had obtained verbal confirmations of the requests from the customer. FINRA also found that Wang processed stock sale requests received from the customer email account without verbally confirming the requests with the customer as required pursuant to firm procedures. These emails were also sent from an imposter that Wang believed to be the actual customer. As a result, Wang falsely stated on firm documents on multiple occasions that he had obtained a verbal confirmation for each of the wire transfer requests received from the customer. The processing of these transactions resulted in wire transfers totaling \$301,500. The firm has since repaid the customer for the full amount of the transactions. In addition, FINRA determined that Wang caused his firm's books and records to be inaccurate by entering false information on the wire transfer request forms indicating that he had obtained verbal confirmation from the customer.

The suspension is in effect from November 4, 2013, through March 3, 2014. ([FINRA Case #2012033461601](#))

Tracey Lyn Warrington (CRD #4612346, Registered Representative, Lakewood, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Warrington consented to the described sanctions and to the entry of findings that she received a series of emails from an imposter who purported to be a customer of her member firm. The findings stated that the email address the imposter used to correspond with Warrington was nearly identical to the

customer's authentic email address. The impostor instructed Warrington to wire funds from the customer's and the customer's wife's account to outside accounts. Warrington had recently received and processed a legitimate wire request from the customer, and believed at the time of these emails that the customer was traveling and unavailable to sign an LOA. The findings also stated that in response to the emails, Warrington copied the customers' signatures from another document and affixed them to LOAs to effect the transfers the impostor requested. Two of the wire transfers totaling \$31,900 were completed the next day, while the third was rejected because the recipient of the funds could not identify the sender. A few days later, Warrington received another email from the impostor requesting additional wire transfers totaling \$140,000. Warrington again copied the customers' signatures from another document and affixed them to LOAs to effect the transfers and the additional wires were then completed. The findings also included that in total, Warrington processed wire transfers from the customers' account totaling \$171,900. Once the impostor was discovered, the firm promptly reimbursed the clients' funds. FINRA found Warrington's actions in falsifying the customers' signatures caused the firm to maintain false books and records, in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 thereunder.

The suspension is in effect from November 4, 2013, through January 3, 2014. ([FINRA Case #2011030779501](#))

John Edward Watson (CRD #2186346, Registered Principal, Osage Beach, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for six months, and suspended from association with any FINRA member in any principal capacity for 24 months. The fine must be paid either immediately upon Watson's reassociation with a FINRA member firm following his six-month suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Watson consented to the described sanctions and to the entry of findings that he provided incorrect information to his member firm and to customers in connection with variable annuity purchase agreement acknowledgement (VAPA) forms submitted to the firm to make annuity switches. The findings stated that these VAPA forms were signed and acknowledged by the customers and were submitted to the firm for approval of the transactions. As such, they constituted misrepresentations to the firm and to the customers. The incorrect VAPA forms caused the firm's books and records to be inaccurate. The findings also stated that with respect to one of the customers, the annuity transactions resulted in unreasonable surrender charges and an excessive concentration of annuities in the customer's portfolio, which was unsuitable for the customer. The findings also included that Watson was made aware of a judgment entered against him in the amount of \$147,967.90, plus interest, costs and fees. Watson failed to timely disclose the judgment to his firm and on his Form U4.

The suspension in any capacity is in effect from October 21, 2013, through April 20, 2014. The suspension in any principal capacity is in effect from October 21, 2013, through October 20, 2015. ([FINRA Case #2011026623101](#))

Daniel Ellis Woodhull (CRD #2832575, Registered Representative, Fair Oaks, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Woodhull consented to the described sanction and to the entry of findings that his member firm filed an amendment to his Form U4 disclosing that he had been charged with a felony—grand theft—related to a customer of his accounting practice. The findings stated that Woodhull failed to respond to a FINRA request to appear for on-the-record testimony. Woodhull, through his counsel, stated he would not appear for testimony. ([FINRA Case #2013036125601](#))

George Quintin Woodrum (CRD #2783933, Registered Principal, Oceanside, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Woodrum consented to the described sanction and to the entry of findings that FINRA requested Woodrum provide information in connection with a FINRA investigation into deposits and liquidations of certain penny stocks at his member firm, whether the firm had failed to implement and enforce its AML procedures to cause the reporting of suspicious activity and to achieve compliance with the Bank Secrecy Act. The findings stated that Woodrum provided a written response to FINRA's initial request for information. To obtain further information material to the investigation, FINRA requested that Woodrum appear for an on-the-record interview. Woodrum initially informed FINRA that he would appear and provide sworn testimony. Thereafter, Woodrum contacted FINRA and informed FINRA that he would neither appear nor provide sworn testimony. Woodrum's failure to appear and provide testimony impeded the investigation. ([FINRA Case #2012030565003](#))

Shawn Michael Wyatt (CRD #5231185, Registered Representative, Hutchinson, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 31 days. The fine must be paid either immediately upon Wyatt's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Wyatt consented to the described sanctions and to the entry of findings that the State of Colorado requires registered representatives to complete a training course prior to selling, soliciting or negotiating annuities, and he agreed to take the required Colorado annuity training for his supervisor. The findings stated that Wyatt logged onto an insurance continuing education website as his supervisor and took the Colorado annuity training. The supervisor compensated Wyatt for taking the training for her.

The suspension was in effect from October 7, 2013, through November 6, 2013. ([FINRA Case #2012032428202](#))

Individual Fined

Michael Andrew Book (CRD #2128493, Registered Principal, Westport, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$15,000. Without admitting or denying the findings, Book consented to the described sanctions and to the entry of findings that he was a manager responsible for supervising individuals, and his responsibilities included, among other things, recruiting and training new registered representatives in his office. The findings stated that Book was aware that registered representatives he was recruiting to join his agency planned to remove files of customers they were servicing at the member firm where they were registered. These files contained non-public personal customer information. One of Book's subordinates rented a truck for the representatives to take the customer files from their member firm to their homes, and Book agreed to pay for the truck. Another representative under Book's supervision assisted the recruits with taking their files out of their firm. Prior to this incident, the firm had provided training to its general agents that discussed the importance of Regulation S-P, the security of confidential customer information, and the fact that confidential customer information was not to be removed from a recruit's firm during the transition process. ([FINRA Case #2012031652201](#))

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 October 31, 2013. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *Disciplinary and Other FINRA Actions*.

The Dratel Group, Inc. (CRD #8049, Southold, New York) and William Marshall Dratel (CRD #843025, Registered Principal, Southold, New York). The firm was fined \$31,000, jointly and severally with Dratel, and fined an additional \$2,500. Dratel was fined an additional \$5,000, and suspended from association with any FINRA member in any supervisory capacity for five business days and in any capacity for 20 business days. The suspensions are to be served consecutively. The sanctions were based on findings that the firm and Dratel willfully failed to make timely amendments to the firm's Uniform Application for Broker-Dealer Registration (Form BD) to disclose a judgment, a material fact that had been filed against the firm. The findings stated that Dratel willfully failed to make timely amendments to his Form U4 to disclose judgments and liens filed against him, material facts he was required to disclose. The firm's and Dratel's conduct were willful; consequently, they are subject to statutory disqualification. The findings also stated that Dratel executed in the firm's riskless principal accounts for customers or for his own account several trades, then cancelled and rebilled them to the firm's error account, willfully failing to create and preserve order memoranda designating the customer

accounts for which the trades were original intended. The findings also included that the firm and Dratel failed to preserve email communications related to the firm's business, as they were required. Having been put on notice of a malfunction by a third-party services provider, Dratel was negligent in not following up to ensure that it was corrected. Although the respondents were negligent, they did not intentionally fail to preserve email, and they took action, albeit unsuccessfully, to rectify the malfunction. Hence, the violations were inadvertent, minor and not willful.

FINRA found that the firm and Dratel compensated a select group of customers a total of \$156,575 for losses, inflicted upon them for adverse market conditions. FINRA also found that the firm and Dratel executed municipal securities transactions without being registered with the MSRB and without a registered municipal securities principal. The firm failed to report municipal securities transactions to MSRB, failed to file a required form with the RTRS, and failed to test its ability to interface with RTRS. In addition, FINRA determined that the firm executed several corporate debt transactions without completing the TRACE participation agreement, and failed to report the transactions to TRACE. Moreover, FINRA found that the firm and Dratel maintained inaccurate trial balances and ledgers. The firm's trial balance and general ledgers purported to reflect credits and accrued expenses. However, the firm and Dratel failed to include some then-current liabilities totaling approximately \$40,392, consisting of overdue rent for an apartment, moving and storage expenses, and a security deposit the firm owed for its branch office. This caused the respondents to willfully violate the applicable Exchange Act of 1934, SEC Rule 17a-3 and FINRA rules. Furthermore, FINRA found that Dratel failed to provide for supervision over his sales activities as the sole producing manager responsible for all of the firm's revenues, failed to establish and enforce supervisory control systems, failed to detail the firm's system of supervisory controls, and failed to test and verify the firm's supervisory procedures. Consequently, an annual compliance report failed to summarize test findings and changes made to respond to test results, because there were no test findings. The findings also stated that Dratel failed to provide proper certification of the firm's compliance and supervisory processes for one year. In addition, Dratel's certification did not, as required, document the firm's processes for establishing, maintaining, reviewing, testing and modifying compliance policies reasonably designed to achieve compliance with applicable securities laws, regulations, and rules.

The decision has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2009016317701](#))

Gary Mark Giblen (CRD #1819311, Registered Principal, Darien, Connecticut) Giblen was suspended from association with any FINRA member in any capacity for four months. The sanction was based on findings that Giblen engaged in an outside business activity without providing prompt written notice to his member firm. The findings stated that Giblen received compensation of \$6,000 from the outside business activity. Giblen wrote a research report for the outside activity, so the company could tell its story effectively

to the investment community. The findings also stated that Giblen purposefully failed to notify the firm of his outside business activity and falsely represented on firm annual attestations that he was not engaged in an outside business. After finding out, the firm's chief compliance officer (CCO) asked Giblen to resign because, without notifying her, he had received payment for writing the research report.

The decision has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2011025957702](#))

Complaints Filed

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

Raymond James Forbes (CRD #1195375, Registered Principal, Dunewood, New York), Robin Maranda Oscher (CRD #1901235, Registered Representative, La Jolla, California) and Christopher John Forbes (CRD #727535, Associated Person, New York, New York) were named respondents in a FINRA complaint alleging that R. Forbes, Oscher and C. Forbes, through accounts at their member firm, engaged in manipulative trading of an over-the-counter bulletin board (OTCBB) security and C. Forbes engaged in pre-arranged trading, in an attempt to create a false or misleading appearance of active trading all relating to the market for the security and to manipulate the price of the security in willful violation of the Securities Exchange Act of 1934 and SEC Rule 10b-5. The complaint alleges that for almost two years, Oscher and C. Forbes engaged in marking the open and close activity. C. Forbes and Oscher executed transactions in the security soon after the market opened through a firm account, which constituted the first transactions in the security on the subject trade date. The transactions were executed at prices that were equal to the price of the security when the market closed the prior trade day. R. Forbes engaged in marking the close activity and C. Forbes engaged in matched order activity, all of which resulted in the publication or circulation of reports of non-*bona fide* purchases or sales of the security. The complaint also alleges that R. Forbes failed to adequately supervise the firm's proprietary traders and customers. Instead of reviewing trading activity to detect and prevent potentially manipulative order and trading activity, R. Forbes primarily reviewed trading activity, by and through the firm's proprietary traders, based on financial risk to the firm. The complaint further alleges that R. Forbes knowingly or recklessly directed, encouraged, facilitated, and/or participated in Oscher's and C. Forbes' fraudulent, reckless and manipulative trading activity, and the publication of non-*bona fide* transactions. R. Forbes failed to reasonably and properly supervise the activities of Oscher and C. Forbes to detect and

prevent manipulative or fraudulent trading activities, involving marking the close and open and pre-arranged trading, and the publication of non-*bona fide* transactions. ([FINRA Case #2007009250301](#))

Bambi Iris Holzer (CRD #1088028, Registered Representative, West Hollywood, California) was named a respondent in a FINRA complaint alleging that she made unsuitable recommendations to customers to invest in the offering of private placement securities without having a reasonable basis to believe that the security was suitable for the customers in light of their financial needs and situation. The complaint alleges that the speculative and illiquid investment was unsuitable in light of the customers' need for liquidity, income and safety of principal. Holzer's recommendations exposed the customers to an undue risk of loss of principal and income, and unduly concentrated their assets in speculative and illiquid securities. The complaint also alleges that Holzer submitted or caused to be submitted to her member firm disclosure documents for customers that Holzer knew or should have known reflected false information concerning the customers' net worth and investment objectives, upon which the firm would rely in reviewing the proposed transactions. The complaint further alleges that the California Department of Insurance (DOI) initiated a regulatory action and issued an accusation in a matter against Holzer. Holzer received the related documents. In addition, the DOI served Holzer with first-amended and second-amended accusations. The DOI action, including the accusation and the amended accusations, comprised material information that Holzer willfully failed to disclose on her Form U4 at any time during her association with the firm. Holzer failed to disclose this material information on her initial Form U4 submitted to another member firm, and failed to disclose it in a timely manner on a Form U4 while registered with this firm. Furthermore, a customer's investment-related arbitration award and judgment against Holzer comprised material information that Holzer willfully failed to disclose in a timely manner on a Form U4 while registered with this second firm. In addition, the complaint alleges that Holzer provided false testimony during on-the-record interviews. The testimony was false because Holzer had failed to disclose the DOI action to her firm. Holzer further failed to disclose the DOI action to another firm at or about the time she was hired or in a timely manner upon receiving the amended accusations. ([FINRA Case #2010021778101](#))

Darinn Dwight Kim (CRD #4029402, Registered Representative, Rolling Meadows, Illinois) was named a respondent in a FINRA complaint alleging that he became the registered representative for a customer's brokerage account and gained access to the customer's other personal securities and non-securities accounts. The complaint alleges that Kim transferred \$100,000 from the customer's personal, non-securities account at a bank to a personal, non-securities account at another bank also owned by the customer—who was unaware of the transfer, did not authorize it and was out of the country when it occurred. Kim wrote a \$90,000 check payable to himself from the account and forged the customer's signature on the check. The customer did not know about the check and did not authorize Kim to sign her name to it. Kim cashed the check for his personal use, thereby converting

the \$90,000. The complaint also alleges that Kim electronically transferred \$100,000 from the customer's securities account to her personal, non-securities bank account, made an unauthorized sale of securities in the amount of \$185,885 in the securities account, and electronically ordered a \$190,000 check to be drawn from the customer's securities account which was made payable to the customer but was delivered to Kim's home address. The customer was not aware of any of the transactions and did not authorize any of them. The customer discovered the transactions and was able to stop payment on the \$190,000 check before it was cashed. The complaint further alleges that by transferring funds, selling securities and ordering a \$190,000 check drawn on the customer's securities account all without authorization, Kim misused the customer's funds. In addition, the complaint alleges that Kim failed to respond to FINRA's request for information and documents. ([FINRA Case #2012033956001](#))

William Charlton Mays (CRD #2693626, Registered Principal, Corpus Christi, Texas) was named a respondent in a FINRA complaint alleging that he converted and misused at least \$30,968.58 in customer funds by providing funds to his ex-wife and his father without the customer's authorization. The complaint alleges that Mays solicited the customer to invest \$50,000 for one year in stocks and commodities, and told the customer that after one year, he would be able to have his principal returned to him or to obtain a partnership interest in the investment program. The complaint also alleges that Mays deposited the customer's \$50,000 check into a bank account for a business he controlled. Mays gave his family members \$33,100 from the bank account. Approximately \$2,131.42 can be attributed to funds deposited into the account from sources other than the customer. The remainder of the \$33,100 came from the funds the customer invested. The customer requested that Mays return his investment. After Mays initially told the customer that he would not be able to return his money, he repaid the customer approximately \$40,000, and has not returned the rest of the customer's funds. The complaint further alleges that Mays engaged in an unapproved outside business activity involving the business he controlled and never disclosed to the member firm his outside business activities. In addition, the complaint alleges that Mays, while associated with another member firm, willfully failed to amend his Form U4 to timely disclose an unsatisfied federal tax lien filed against him. The existence of an unsatisfied lien is a material fact. Moreover, the complaint alleges that Mays failed to provide the information and documents requested by FINRA in connection with its investigation. ([FINRA Case #2013036238801](#))

Daniel Gerard Sharp (CRD #2194385, Registered Representative, Allison Park, Pennsylvania) was named a respondent in a FINRA complaint alleging that he made unsuitable switches of Class A mutual fund shares to unit investment trusts (UITs) in customers' accounts. The complaint alleges that in most cases, the Class A mutual funds had been held by the customers for 12 months or less with none held longer than 16 months when they were sold and the proceeds used to purchase the UITs. Sharp did not have reasonable grounds for believing that these recommendations and transactions were suitable for the customers based upon their investment objectives and needs. The transactions

did not make any economic sense based on the initial costs the customers incurred with the Class A purchases and additional costs associated with the UIT purchases. The customers paid front-end fees totaling \$8,533.09 to purchase the UITs and Sharp received commissions of \$2,587.76. The complaint also alleges that Sharp failed to timely appear for an on-the-record interview seeking information relating to the switches. ([FINRA Case #2011029681602](#))

Wall Street Strategies, Incorporated (CRD #31268, Huron, Ohio), Louis Karl Kittlaus (CRD #602059, Registered Representative, Chicago, Illinois) and Garry Nelson Savage Sr. (CRD #1195330, Registered Principal, Huron, Ohio) were named respondents in a FINRA complaint alleging that the firm, by and through Savage, recommended that firm customers purchase debentures that were a high-risk, illiquid, alternative investment that were unsuitable based on the customers' complete investment profiles. The complaint alleges that Savage failed to satisfy his customer-specific suitability obligations by recommending the debentures without properly taking into consideration the customers' financial situations and needs, including investment objectives, investment experience and knowledge, risk tolerance, liquidity needs, age, liquid net worth and annual income. The complaint also alleges that Kittlaus, Savage and a firm registered representative distributed to customers a misleading sales brochure advertising the debentures that falsely stated the debentures were secured by life insurance policies although the policies were not collateral for the debentures, and the secured interest the debentures have was subordinate to other creditors of the issuer's subsidiaries. The brochure omitted these material facts and thus was misleading. Kittlaus also distributed a letter to prospective customers that contained exaggerated and unwarranted claims about the debentures, predicted future performance, and failed to provide any information regarding the risks of investing in the debentures. The complaint further alleges that the firm and Savage were responsible for supervising the activities of each registered representative, including taking reasonable measures to ensure that all recommendations and sales of securities by firm representatives were suitable for firm customers. In addition, the complaint alleges that Savage failed to conduct reasonable supervisory inquiries and failed to properly follow up on red flags of unsuitability in customer applications for debenture purchases, and failed to take any action to ensure that reasonable supervision of the representatives was conducted by anyone else at the firm. Moreover, the complaint alleges that Savage and the firm failed to develop and implement supervisory procedures reasonably designed to supervise the activities of the firm, given its structure and the location of its representatives. The firm and Savage failed to reasonably supervise Kittlaus by failing to conduct any supervisory visits or onsite examinations of his office and files; failed to implement a supervisory system to review and retain all incoming and outgoing written and electronic communications of firm registered representatives; failed to implement procedures requiring the retention of hard copy files of correspondence, supervisory review of correspondence, retention of a log specifying which items had been reviewed, and procedures designed to retain and reasonably review electronic correspondence; and failed to establish and maintain a reasonable system to supervise the activities of each registered representative and reasonable procedures for the review and retention of correspondence. ([FINRA Case #2012033508702](#))

**Firms Expelled for Failure to Pay Fines and/
or Costs Pursuant to FINRA Rule 8320**

John Thomas Financial (CRD #40982)
New York, New York
(October 31, 2013)

West America Securities Corp (CRD #35035)
Las Vegas, Nevada
(October 8, 2013)

**Firm Expelled for Failure to Supply
Financial Information Pursuant to
FINRA Rule 9552**

Obsidian Financial Group, LLC
(CRD #104255)
Woodbury, New York
(October 16, 2013)

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

C.K. Cooper & Company, Inc.
(CRD #106578)
Irvine, California
(October 14, 2013)

Northgate Securities Inc. (CRD #21188)
Spring, Texas
(October 23, 2013)

**Firm Cancelled for Failure to Meet
Eligibility or Qualification Standards
Pursuant to FINRA Rule 9555**

Obsidian Financial Group, LLC
(CRD #104255)
Woodbury, New York
(October 30, 2013)

**Firm Suspended for Failure to Supply
Financial Information 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.)

Obsidian Financial Group, LLC (CRD
#104255)
Woodbury, New York
(October 1, 2013)

**Firm Suspended for Failure to Pay
Annual Assessment Fees Pursuant to
FINRA Rule 9553**

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

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(October 14, 2013 – October 29, 2013)

**Firm Suspended for Failure to Pay
Arbitration Fees Pursuant to FINRA
Rule 9553**

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

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(October 14, 2013 – October 29, 2013)

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.)

Jonathan Warren Brooks (CRD #4039141)
Aiken, South Carolina
(October 29, 2013)
FINRA Case #2012033462601

Samuel Austin Davis (CRD #4776499)
Chicago, Illinois
(October 4, 2013)
FINRA Case #2011027454601

George Yusuf Salameh (CRD #4251013)
Jacksonville, Florida
(October 15, 2013)
FINRA Case #2013037096201

Praveen Sethi (CRD #4725277)
Murphy, Texas
(October 29, 2013)
FINRA Case #2013035345001

Robert Bailey Setser (CRD #1005169)
Redwood City, California
(October 18, 2013)
FINRA Case #2012033838801

Albert Anthony Terc (CRD #2460241)
Montclair, New Jersey
(October 28, 2013)
FINRA Case #2013036648301

Harley Alyn Thompson (CRD #2308494)
Fulton, New York
(October 25, 2013)
FINRA Case #2012032836201

Thomas Anthony Vetric (CRD #4233732)
Dublin, Ohio
(October 15, 2013)
FINRA Cases #2012032576501/
2013035405701

Jeffery Scott Willis (CRD #2146730)
Covington, Georgia
(October 28, 2013)
FINRA Case #2012035158101

Individual Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320 (If the revocation has been rescinded, the date follows the revocation date.)

Terry Lee Pickering (CRD #2006931)
Cooper City, Florida
(October 18, 2013)
FINRA Case #2011030155301

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.)

Robert William Busch (CRD #1530056)
Lilburn, Georgia
(October 10, 2013)
FINRA Case #2012031378601

Jose A. Carbajal (CRD #2691767)
Downey, California
(October 21, 2013)
FINRA Case #2013037824101

Hugo Alexander Gomez (CRD #2891235)
Bronx, New York
(October 7, 2013)
FINRA Case #20110302935

Charles A. Sayegh (CRD #2980607)

Yonkers, New York
(October 28, 2013)
FINRA Case #2013037424701

Dennis Dale Waldrep (CRD #1317007)

Seneca, South Carolina
(October 15, 2013)
FINRA Case #2013037843601

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

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

Nicole S. Eppley (CRD #4777261)

La Jolla, California
(October 17, 2013)
FINRA Arbitration Case #11-02921

John Michael Greer Sr. (CRD #1969389)

Buckner, Missouri
(October 17, 2013)
FINRA Arbitration Case #11-04592

Stephen Grivas (CRD #1829703)

Jericho, New York
(October 29, 2013)
FINRA Case #20130386590/
ARB130058/11-01982

Chris Neil Hasbrouck (CRD #2361018)

Centerport, New York
(October 16, 2013)
FINRA Arbitration Case #12-03193

Henry Lucander (CRD #1017582)

New York, New York
(October 16, 2013)
FINRA Arbitration Case #12-01118

Timothy Damien Moran (CRD #2326078)

Paradise Valley, Arizona
(October 16, 2013)
FINRA Arbitration Case #12-01407

David Dean Ouderkirk (CRD #2417932)

Salina, Kansas
(October 16, 2013)
FINRA Arbitration Case #12-03592