

# Disciplinary and Other FINRA Actions

## Firm Suspended, Individual Sanctioned

**CFD Investments, Inc. (CRD® #25427, Kokomo, Indiana) and Matthew O. Bahrenburg (CRD #5295661, Amboy, Indiana)**

August 24, 2020 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was suspended from any and all private placement activities for 45 days, censured and ordered to pay \$750,000 in partial restitution to customers. Bahrenburg was fined \$5,000 and suspended from association with any FINRA® member in any principal capacity for 45 days. FINRA imposed partial restitution on the firm and no fine after considering, among other things, the firm's financial resources. Without admitting or denying the findings, the firm and Bahrenburg consented to the sanctions and to the entry of findings that they failed to conduct reasonable due diligence into private placement offerings and failed to document the limited due diligence that they did conduct. The findings stated that the firm, through Bahrenburg, did not reasonably assess the issuer's financial condition. In connection with the issuer's audited financial statements, its independent auditor advised that the issuer had suffered recurring losses from operations from inception and pending litigation that raise substantial doubt about its ability to continue as a going concern, and included a going concern note that detailed these financial difficulties. Despite these significant red flags, Bahrenburg failed to request additional financial information from the issuer, or to verify its ability to make its promised capital contribution. In addition, the firm, through Bahrenburg, did not reasonably investigate the circumstances of an investor lawsuit that he knew had resulted in a \$9 million jury verdict. Bahrenburg was not familiar with the allegations made or the specifics of the verdict entered that included factual determinations that the principals of the issuer made misrepresentations to investors about their experience in the oil and gas industry, and its ability to afford the costs associated with drilling an oil well. The firm, through Bahrenburg, did not review the issuer's prior offerings, notwithstanding that the firm's written procedures mandate such a review. A hallmark of the issuer's offerings was its promise to invest its own capital; however, it lacked the financial ability to make capital contributions in its prior offerings. A review of those offerings would have alerted the firm to this issue. The firm, through Bahrenburg, failed to conduct any independent review or assessment of the project generally, and instead simply accepted the information and representations provided by the issuer. The findings also stated that because of its failure to conduct reasonable due diligence of the offerings, the firm failed to make a reasonable determination as to whether the issuer was suitable for any class of investor. Therefore, the firm had no reasonable basis to recommend the offerings to its customers, even accredited investors. The firm recommended and sold the offerings to accredited investors who invested approximately \$2.2 million. The issuer paid

## Reported for October 2020

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).

the firm and its representatives \$198,100 in commissions for these sales. These customers lost all or substantially all of their investments as a result of the issuer's bankruptcy. The findings also included that the firm failed to disclose to customers that it was receiving additional compensation from the issuer as a sponsor of the firm. The issuer made a \$2,500 contribution to the firm's sponsorship program, prior to the firm's approval of its offerings for sale by its representatives. After this approval, the issuer's sponsorship contribution agreement, according to the firm's president, required the issuer to pay the firm one percent of all gross sales through the firm, in addition to the sales commissions that were otherwise due. Later, these contributions totaled approximately \$20,000. The firm did not disclose the issuer's sponsorship status or the amount of revenue it was entitled to receive under this arrangement to its investors, and it was not disclosed in the issuer's offering documents. Instead, the firm provided only a generic disclosure that certain vendors assisted it with financing conferences and training programs, and that it would provide further information at the request of the customer. The firm's failure to disclose the alternate, unconventional compensation arrangement with the issuer was a material omission to investors in the offerings, as it would have evidenced a possible conflict of interest.

The firm's suspension is in effect from October 5, 2020, through November 18, 2020. Bahrenburg's suspension is in effect from September 21, 2020, through November 4, 2020. ([FINRA Case #2018057457101](#))

## Firms Fined

### **Corecap Investments, LLC (CRD #37068, Southfield, Michigan)**

August 6, 2020 – An AWC was issued in which the firm was censured and fined \$25,000.

Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it engaged in investment banking activities without registering a representative or principal in the appropriate categories. The findings stated that the firm permitted a registered representative to provide services for the firm's limited investment banking business, including by advising clients on and facilitating financial restructurings. That representative was not registered as an investment banking representative and his supervisor was not registered as an investment banking principal. The findings also stated that the firm did not register locations that qualified as branch offices and did not inspect a non-supervisory branch office location at least once every three years, as required. The firm established and maintained unregistered office locations where one or more associated persons regularly conducted a securities business; with 31 of these locations being held out to the public as locations where a securities business was conducted and were not excluded from the definition of a branch office. In addition, after the inspection of a non-supervisory branch office location, the firm did not inspect that location again for more than six years. The findings also included that the firm prepared inaccurate books and records, filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports, and

engaged in a securities business without the minimum required net capital. In addition, the firm did not keep current an accurate general ledger and prepared inaccurate trial balances and net capital calculations. The firm gave notice of its net capital deficiencies after it corrected them. ([FINRA Case #2018056305601](#))

**Morgan Stanley Smith Barney LLC ([CRD #149777](#), Purchase, New York)**

August 12, 2020 – An AWC was issued in which the firm was censured, fined \$175,000 and ordered to pay \$774,574.08, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a registered representative who recommended short-term trades of corporate bonds and preferred securities in customer accounts. The findings stated that the representative's trading in the accounts of affected customers generated nearly one hundred automated alerts reflecting that the trading in these accounts exceeded the firm's thresholds for potentially excessive turnover and cost-to-equity ratios. In response to the alerts, the firm failed to take reasonable steps to review red flags and understand the potential risks and rewards associated with the representative's recommendations or to determine whether those recommendations were suitable. Instead, the firm discussed the alerts with the representative and contacted the affected customers to confirm whether they were satisfied with the representative and his recommendations. The firm conducted a review of the representative's securities recommendations, which concluded that his recommendations were generating high costs and commissions and the products and investment strategies were costing the clients more money than they were making the clients. In spite of these findings, the firm did not take sufficient action to address the representative's trading in his customers' accounts. Indeed, the affected customer accounts continued to generate alerts for potentially excessive turnover and cost-to-equity ratios. Ultimately, the firm instructed the representative to stop short-term trading in corporate bonds and preferred securities in all of his customer accounts. Nonetheless, the representative recommended a small number of short-term trades in some of his customers' accounts. Collectively, the representative's trading in the accounts of the affected customers caused the customers to suffer losses of more than \$900,000. This AWC requires the firm to pay restitution to the remaining affected customers, as two affected customers previously settled with the firm separately. ([FINRA Case #2019063917801](#))

**BGC Financial, L.P. ([CRD #19801](#), New York, New York)**

August 13, 2020 – An AWC was issued in which the firm was censured, fined \$100,000, and required to revise its Written Supervisory Procedures (WSPs). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported transactions to the Trade Reporting and Compliance Engine (TRACE®) with an incorrect time of trade execution and reported transactions to TRACE that it was not required to report. The findings stated that the firm's traders or back office personnel manually recorded an incorrect time of trade execution and the firm's system inadvertently reported internal transfers of securities that were not required to be reported to TRACE.

The findings also stated that, due to manual error, the firm recorded the incorrect time of trade execution on the memorandum of brokerage orders. The findings also included that the firm failed to establish and maintain a supervisory system, including WSPs, that was reasonably designed to achieve compliance with TRACE reporting and record keeping requirements. The firm's WSPs did not include a review for mismatching execution times, which resulted in its failure to detect its reporting of inaccurate execution times. Additionally, the firm did not have a procedure to monitor whether it was reporting information to TRACE that it was not required to report. ([FINRA Case #2017055128201](#))

**Network 1 Financial Securities Inc. ([CRD #13577](#), Red Bank, New Jersey)**

August 14, 2020 – An AWC was issued in which the firm was censured, fined \$60,000 and required to review and revise, as necessary, its written anti-money laundering (AML) program. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement a written AML program, and failed to establish and implement policies and procedures that were reasonably expected to detect and cause the reporting of potentially suspicious transactions. The findings stated that the firm's written AML procedures did not address potential insider trading by firm customers. Moreover, the firm had no system for detecting potential customer insider trading. The firm knew that certain of its customers were insiders of the securities in which they were trading based on information disclosed to the firm in those customers' new account forms. However, the firm's systems did not identify those customers' transactions for AML review. As a result, the firm failed to identify that a customer, a self-identified corporate insider of a microcap issuer, was actively trading the stock of his own company. The firm consequently failed to conduct any investigation or cause the reporting of that potentially suspicious activity. Additionally, the firm failed to implement policies and procedures that can be reasonably expected to detect and cause the reporting of potentially suspicious transactions in microcap securities. The findings also stated that because of the deficiencies in its AML program, the firm failed to identify red flags of potentially suspicious trading by a customer. The customer's trading in microcap securities exhibited many of the red flags of money laundering or other illegal activities that were identified in the firm's procedures including the deposit and liquidation of shares of microcap securities, followed by the wiring out of proceeds, trading during price and volume spikes, and trading by a known stock promoter. The accounts also appeared on exception reports provided to the firm by its clearing firm to detect potentially suspicious microcap securities trading. However, contrary to its AML procedures, the firm failed to timely review those exception reports and its daily deposit and withdrawal activity reports and as a result, failed to detect or investigate these red flags. The findings also included that the firm failed to provide several categories of discovery in an arbitration proceeding that a former customer brought in FINRA's Dispute Resolution forum. In one case, the firm falsely claimed that it had no documents responsive to a category and in additional cases, the firm asserted it would provide documents, but failed to do so. ([FINRA Case #2017056561102](#))

**Primex Prime Electronic Execution, Inc. ([CRD #29394](#), New York, New York)**

August 18, 2020 – An Office of Hearing Officers (OHO) decision became final in which the firm was censured and fined \$40,000. The sanctions were based on the findings that the firm made and preserved inaccurate and false expense records, causing it to maintain an inaccurate general ledger and file inaccurate quarterly FOCUS reports. The findings stated that the firm, acting through its owner, willfully violated Section 17(a)(1) of the Securities Exchange Act of 1934 and Exchange Act Rules 17a-3 and 17a-5 by misclassifying the owner's personal expenses on the general ledger. The firm caused its books and records to be inaccurate by overstating its business expenses and understating distributions, or compensation, paid to the owner. In addition, by misclassifying his expenses, the owner caused the firm to file inaccurate FOCUS reports. The findings also stated that the firm responded in an untimely manner to FINRA's requests for information. The information was directly material to FINRA's investigation into the firm's recordkeeping practices. ([FINRA Case #2018058286901](#))

**UBS Financial Services Inc. ([CRD #8174](#), Weehawken, New Jersey)**

August 24, 2020 – An AWC was issued in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted reports to Order Audit Trail System (OATS™) that could not be matched to related orders routed to exchanges due to data that was omitted, inaccurate, incomplete, or improperly formatted. The findings stated that while responding to an inquiry from FINRA, the firm learned of a technical issue in its OATS reporting system provided by a third-party vendor. The firm corrected the problem, but the correction created another technical issue that caused its OATS file to omit a column of data for the route order ID/sent to routed order ID field. Instead of reporting data for each order routed, the firm's OATS reporting system reported data for each execution, resulting in reports in OATS that could not be matched to related orders entered on the exchanges. In addition, the firm's reports omitted other data or contained inaccurate or improperly formatted data. The firm took corrective action. ([FINRA Case #2017053003701](#))

**Barclays Capital Inc. ([CRD #19714](#), New York, New York)**

August 25, 2020 – An AWC was issued in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to fully and accurately report its short interest positions in certain foreign-listed securities. The findings stated that some reporting errors resulted from situations where the firm held positions in both the foreign-listed and domestic security in the same proprietary account. In those situations, due to a coding issue, the firm failed to offset the two positions to determine whether it held a short position and the number of shares that should be reported for the dual-listed security. Upon receiving notification from FINRA of the reporting deficiencies, the firm addressed the coding issue that gave rise to the violations. In addition, the firm over-reported one position due to a manual error. The findings also stated that the firm failed to report short interest positions

in certain foreign-listed securities due to a flawed manual review whereby it failed to recognize that a security that was trading on a foreign market had become dually listed in the United States. Upon receiving notification from FINRA of the reporting deficiencies, the firm addressed the oversight that gave rise to the violations. Furthermore, the firm failed to report one position because its third party vendor failed to timely update the firm's data concerning its dual-listed securities. ([FINRA Case #2015044133101](#))

**Buckman, Buckman & Reid, Inc. ([CRD #23407](#), Little Silver, New Jersey)**

August 28, 2020 – An AWC was issued in which the firm was censured, fined \$15,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to publish a report reflecting its routing of non-directed orders in covered securities. The findings stated that the firm experienced a technical issue with its webhost provider that caused the firm's webpage to revert to an older webpage that displayed an outdated report. The findings also stated that reports displayed on the firm's website did not disclose any payment for order flow it received for routing orders to an executing venue. The firm was not aware that Securities Exchange Act Rule 606 required the disclosure to appear in the report itself and was not aware that it was required to disclose payment for order flow on a per share or order basis. The findings also included that the firm improperly adopted by reference the report of an executing broker that did not clear the firm's trades. This report reflected order routing statistics from the standpoint of the executing broker rather than from the standpoint of the firm. The firm's improper reliance on this report was based on an incorrect belief that it could adopt by reference the report of an executing broker that did not clear its trades. FINRA found that the firm failed to establish and maintain a supervisory system, including WSPs, that was reasonably designed to achieve compliance with Rule 606. The firm did not review for the accuracy of reporting in National Market System (NMS) options securities, it did not review to ensure the firm is disclosing the material aspects of its relationships with each venue listed on its reports as well as any arrangement for the payment of order flow with those venues and it did not review to confirm the reports were publicly available on its website. ([FINRA Case #2017053083201](#))

**Wells Fargo Advisors, LLC nka Wells Fargo Clearing Services, LLC ([CRD #19616](#), St. Louis, Missouri)**

August 28, 2020 – An AWC was issued in which the firm was censured, fined \$350,000, and ordered to pay \$201,498, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise the activities of two representatives, who recommended that many of their customers invest a substantial portion of their assets at the firm in high-risk energy securities. The findings stated that the representatives' conduct generated multiple red flags regarding overconcentration in their customers' accounts that raised suitability concerns that the firm failed to reasonably investigate. The firm's trade-review system issued alerts that customers of the representatives were concentrated in the same low-priced energy security. The firm's WSPs addressed how to investigate these

alerts, but it did not follow its procedures in responding to them. The firm did not review the representatives' other customer accounts for concentration trends, and in certain instances, did not consider contacting customers despite the number of alerts or concerns about whether the customers were aware of the risks associated with concentration. Rather, the firm resolved alerts based on the representatives' uncorroborated assurances that their customers were aware of the concentrations in their accounts. In addition, the firm was aware that the representatives had not documented the concentration-suitability determination for certain customers, as the firm's WSPs required, raising a concern regarding the underlying suitability of their recommendations. The firm knew, but did not investigate, that the representatives were moving energy securities from customers' advisory accounts into brokerage accounts to avoid the firm's concentration limits in advisory accounts. This attempt to circumvent the firm's own limits was a red flag that the representatives might be unsuitably overconcentrating customer accounts in energy securities. In addition, the firm's trade blotters for the representatives consistently evidenced that they were effecting a high volume of sales of the high-risk energy securities in certain of their customers' accounts, but the firm failed to follow-up on these red flags. ([FINRA Case #2015045713304](#))

## Individuals Barred

### **Forouzan Pooladi ([CRD #6642157](#), Port Washington, New York)**

August 12, 2020 – An AWC was issued in which Pooladi was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pooladi consented to the sanction and to the entry of findings that she refused to produce information or documents requested by FINRA during the course of an investigation initiated after receiving a Uniform Termination Notice for Securities Industry Registration (Form U5) from her member firm. The findings stated that the Form U5 indicated that Pooladi was terminated for violating an affiliate bank's policy governing personal finances by conducting numerous transactions under the currency transaction reporting threshold and for performing an affiliate bank transaction between a business customer and husband's personal affiliate bank account. ([FINRA Case #2019064174601](#))

### **Andrew Markman Arthur ([CRD #1864083](#), New York, New York)**

August 13, 2020 – An AWC was issued in which Arthur was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Arthur consented to the sanction and to the entry of findings that he converted \$275,000 given to him by a relative. The findings stated that Arthur obtained the funds by falsely representing that the funds would be invested in private placements through an employee investment program offered by his then member firm employer. However, the firm program Arthur described did not exist. Instead, Arthur used the relative's funds, without the relative's knowledge or consent, to pay for his own personal expenses and to satisfy pre-existing debts he owed to other individuals. Arthur concealed his conversion by lying to his relative

about the status of his investment, his expected returns, and repayment date. The findings also stated that Arthur provided false written statements and on-the-record testimony to FINRA in connection with its investigation that led to a previous AWC. In his written statement to FINRA and during his testimony, Arthur stated that he edited an internal firm email and sent it to his personal email address to document an investment idea he was working on at the time. Arthur also stated that he did not forward or send the email to anyone. In fact, Arthur sent the email to his relative in order to obtain additional funds for his personal use. In another written statement to FINRA, Arthur falsely stated that he borrowed \$275,000 from his relative for living expenses when Arthur knew that the relative tendered the funds for investment in the firm employee program Arthur described and not for his personal use. ([FINRA Case #2020065385101](#))

**Earl Quon ([CRD #3278125](#), Mililani, Hawaii)**

August 18, 2020 – An AWC was issued in which Quon was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Quon consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA. The findings stated that Quon’s member firm had opened an internal investigation of him relating to approximately \$100,000 in expense reimbursements that he received from the general agency of the firm’s parent company. The firm alleged that although Quon represented that these reimbursements were for offices expenses, the expenses were actually personal in nature. ([FINRA Case #2019061251501](#))

**Steven Harris ([CRD #2440292](#), Chicago, Illinois)**

August 21, 2020 – An OHO decision became final in which Harris was barred from association with any FINRA member in all capacities. A suspension and fine were not imposed given the bar. The sanction was based on the findings that Harris provided false and incomplete documents and false on-the-record testimony to FINRA during an investigation into an undisclosed outside business activity. The findings stated that FINRA requested that Harris provide financial information and bank statements for all bank accounts that he owned or controlled. Harris never listed two of his bank accounts and never provided copies of statements for them. Instead, Harris provided FINRA fake account summaries that he had created. The findings also stated that Harris falsely claimed that he did not alter any of the bank records or account summaries that he had provided to FINRA. The findings also included that Harris failed to disclose his outside business activity to his member firm. Harris sought approval from the firm to conduct the outside business activity through his company, but the firm did not approve his activity. On the contrary, the firm asked Harris to confirm that he had dissolved his company and was no longer conducting business through it. Harris falsely represented to his firm that he had dissolved the company and did not conduct business through it. Harris received \$750 in compensation from a customer for providing her with investment advice outside the scope of his relationship with the firm. ([FINRA Case #2019062092401](#))



**Chams Khwaja ([CRD #6906622](#), Syosset, New York)**

August 21, 2020 – An OHO decision became final in which Khwaja was barred from association with any FINRA member in all capacities. The sanction is based on findings that Khwaja failed to provide documents and information requested by FINRA in connection with its investigation of his potential undisclosed outside business activities. ([FINRA Case #2019063626701](#))

**Charles Don Burchard ([CRD #6130918](#), Spring, Texas)**

August 24, 2020 – An AWC was issued in which Burchard was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Burchard consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA during the course of its investigation into his termination from his member firm. The findings stated that the firm filed a Form U5 reporting that Burchard was terminated because its parent insurance company terminated him in light of allegations that he engaged in undisclosed outside business activity and had disclosed confidential customer information to an unaffiliated third party. ([FINRA Case #2019062825101](#))

**Narinder Kaur Singh ([CRD #3100308](#), Elk Grove, California)**

August 28, 2020 – An AWC was issued in which Singh was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Singh consented to the sanction and to the entry of findings that she refused to provide on-the-record testimony requested by FINRA during the course of an investigation that began after it received a customer statement of claim disclosed in an amended Form U5 filed by her former member firms. The findings stated that the firms' Form U5 amendments disclosed a pending arbitration filed by the customer alleging that Singh had invested the customer funds into a fraudulent investment. Although Singh initially cooperated with FINRA's investigation, she ultimately ceased doing so. ([FINRA Case #2019063861501](#))

## Individuals Suspended

**Frederick Scott Levine ([CRD #1765119](#), Millburn, New Jersey)**

August 3, 2020 – An AWC was issued in which Levine was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Levine consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of unit investment trusts (UITs) in customer accounts. The findings stated that Levine recommended his customers roll over UITs more than 100 days prior to maturity on approximately 950 occasions. Indeed, although his customers' UITs typically had a 24-month maturity period, Levine recommended that had they sell their UITs after holding them for, on average, only 260 days, and use the proceeds to purchase a new UIT. Of the approximately 950 early rollovers

recommended by Levine, more than 600 were series-to-series rollovers which generally had the same or similar investment objectives and strategies as the prior series. Levine's recommendations caused his customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from September 21, 2020, through December 20, 2020. ([FINRA Case #2018057247201](#))

**John Pace McConkie (CRD #6092544, Draper, Utah)**

August 3, 2020 – An AWC was issued in which McConkie was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, McConkie consented to the sanctions and to the entry of findings that he electronically signed account applications and a brokerage-to-advisory change form on behalf of a senior colleague without the colleague's knowledge or consent. The findings stated that McConkie signed the colleague's name to the forms because, as an associate advisor without a Series 65 license at the time, he was not authorized to sign the forms himself. McConkie did not sign on behalf of any customers and all of the underlying activity was authorized.

The suspension was in effect from August 3, 2020, through October 2, 2020. ([FINRA Case #2019063585501](#))

**Shaun Collin Simmons (CRD #5968594, Riverdale, New Jersey)**

August 5, 2020 – An AWC was issued in which Simmons was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Simmons consented to the sanctions and to the entry of findings that he forged the signatures of customers of his member firm on multiple forms related to an Individual Retirement Account (IRA) rollover. The findings stated that Simmons met with a prospective customer to discuss opening an IRA account and rolling over funds from another financial institution into the firm account. A few days after meeting with the customer, Simmons generated and completed the forms necessary to establish the IRA and authorize the rollover transaction. Instead of delivering the forms to the customer to be signed, Simmons forged the customer's signature on the forms and submitted the forms for processing. Simmons subsequently realized that he had set up the customer's IRA incorrectly. Simmons generated and completed new forms and corrected the account designation. Again, although the customer had authorized the transaction, Simmons forged the customer's signature on each of the forms. During the course of completing the forms, Simmons erroneously entered account information relating to another firm customer with a similar name to Simmons' customer and also forged that customer's name onto one of the documents.

The suspension is in effect from August 17, 2020, through November 16, 2020. ([FINRA Case #2019064738101](#))

**Omar Waleed Hammad-Randolph ([CRD #6087721](#), West Palm Beach, Florida)**

August 6, 2020 – An AWC was issued in which Hammad-Randolph was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Hammad-Randolph consented to the sanctions and to the entry of findings that he borrowed \$150,000 from a customer at his member firm without disclosing the loan to, and obtaining approval from, the firm. The findings stated that Hammad-Randolph purchased a house for investment which he partially financed through the loan that he obtained from the customer. In addition, Hammad-Randolph falsely told his firm that he had not borrowed funds from any customer on his annual compliance questionnaire. The findings also stated that Hammad-Randolph engaged in outside business activities without disclosing them in writing to, and obtaining approvals from, the firm. When Hammad-Randolph joined the firm, he disclosed, and the firm approved, his role as the sole trustee of a family trust. Hammad-Randolph was also one of the beneficiaries under the trust. Hammad-Randolph disclosed to his firm that his role as trustee solely involved managing the trust's investment account held at the firm. Subsequently, Hammad-Randolph formed and was the chief executive officer of, and the trust owned, a company involved in marketing and product development; however, he did not seek approval from the firm for the expanded scope of his and the trust's business activities. Furthermore, Hammad-Randolph falsely told his firm that he did not have any outside business interests that had not been approved by the firm on his annual compliance questionnaire.

The suspension is in effect from August 17, 2020, through January 16, 2021. ([FINRA Case #2018060288601](#))

**Sylvester Knox ([CRD #1625705](#), Martinsville, New Jersey)**

August 6, 2020 – An AWC was issued in which Knox was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Knox consented to the sanctions and to the entry of findings that he effected transactions with a total principal value of approximately \$1.7 million in the accounts of customers of his member firm without the customers' authorization or consent. The findings stated that Knox also exercised discretionary trading authority and effected transactions with a total principal value of approximately \$2 million in the accounts of firm customers without having obtained prior written authorization from the customers or approval from the firm to treat the accounts as discretionary. The findings also stated that Knox willfully failed to timely disclose a felony indictment via the filing of an amended Uniform Application for Securities Industry Registration or Transfer form (Form U4). In addition, Knox falsely attested on firm compliance questionnaires that he had not been charged with a felony and on one compliance questionnaire that he did not use discretionary trading authority. Knox also made misstatements to the firm regarding whether the customers authorized transactions when responding to supervisory inquiries.

The suspension is in effect from August 17, 2020, through May 16, 2021. ([FINRA Case #2016051621901](#))

**Serge Parakhnevich (CRD #5493064, New York, New York)**

August 6, 2020 – An AWC was issued in which Parakhnevich was fined \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Parakhnevich consented to the sanctions and to the entry of findings that he executed trades in a customer account without the customer's prior written authorization or his member firm's approval of the account as discretionary. The findings stated that the customer was generally aware of the fact that Parakhnevich was exercising discretion in his account. In addition, Parakhnevich completed and submitted firm compliance questionnaires wherein he falsely answered questions related to whether he handled customer accounts on a discretionary basis.

The suspension was in effect from August 17, 2020, through September 30, 2020. ([FINRA Case #2019062329901](#))

**Kimberly Ann Barentsen (CRD #2092280, Pleasant Hill, California)**

August 7, 2020 – An AWC was issued in which Barentsen was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Barentsen consented to the sanctions and to the entry of findings that she exceeded the scope of her approved outside investment advisory business by charging asset-management fees. The findings stated that Barentsen created her own registered investment adviser of which she was the sole owner and employee. In seeking approval for this outside business, Barentsen told her member firm in an email and in a disclosure questionnaire that her advisory business would only charge hourly fees and fixed, one-time financial planning fees. The firm approved her outside business based on these representations. Subsequently, Barentsen began offering a new service to her advisory clients where she would charge an annual 1.5 percent asset-management fee for managing variable annuity subaccounts. Barentsen did not disclose this new service or the associated fees to the firm. The findings also stated that Barentsen made inaccurate statements in her annual compliance questionnaires to the firm. In response to questions asking whether her advisory business had assets under management and if she was compensated through a percentage of the assets under management, Barentsen incorrectly stated that she did not manage assets and only charged hourly fees.

The suspension is in effect from September 7, 2020, through November 6, 2020. ([FINRA Case #2019062246401](#))

**Steven Michael Voce (CRD #4201017, Irvine, California)**

August 7, 2020 – An AWC was issued in which Voce was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Voce consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose tax liens totaling approximately \$300,000. The findings stated that Voce received notice of the liens shortly

after they were filed. In addition, Voice filed Form U4 amendments that were inaccurate regarding one of the liens.

The suspension is in effect from August 17, 2020, through December 16, 2020. ([FINRA Case #2019064184001](#))

**Barry Hallman (CRD #6618538, Phoenixville, Pennsylvania)**

August 10, 2020 – An AWC was issued in which Hallman was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Hallman consented to the sanctions and to the entry of findings that he deposited checks, totaling \$4,125, into his personal bank account knowing there were insufficient funds to cover the checks. That findings stated that Hallman nonetheless immediately made use of the funds, causing his account to become overdrawn when the checks subsequently were returned unpaid. Two of the checks were drawn on accounts that had been closed for more than seven years, and the other two checks were drawn on accounts that rarely had a positive balance. Hallman's member firm initially credited his account for each of these deposits, whereupon he immediately made use of all or a portion of the deposited funds through cash transfers and withdrawals and payment of personal expenses. Hallman subsequently repaid all amounts he owed to his firm as a result of the returned checks.

The suspension is in effect from August 17, 2020, through November 16, 2020. ([FINRA Case # 2018060262801](#))

**Christopher A. Reid (CRD #2341418, Mount Laurel, New Jersey)**

August 10, 2020 – An AWC was issued in which Reid was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Reid consented to the sanctions and to the entry of findings that he participated in private securities transactions in a third-party's account held away from his member firm without providing written notice to, or otherwise informing his firm, of his participation in the transactions. The findings stated that an individual attempted to open a firm brokerage account through Reid; however, the firm rejected the account. That person then opened a self-directed brokerage account with another FINRA member that he funded with a \$100,000 deposit. Reid agreed to assist and place trades on behalf of the individual in the outside account. Reid and the individual, either together or individually, placed equity and options trades. The account lost approximately 90 percent of its value. Reid was not compensated for, and did not have a beneficial interest in, the account. Reid participated in these securities transactions by advising the owner of the account on the trading strategy and by directly placing trades in the account through the other FINRA member's website.

The suspension is in effect from August 17, 2020, through December 16, 2020. ([FINRA Case #2018059950301](#))

**Michael Edward Feeley ([CRD #4439025](#), West Palm Beach, Florida)**

August 11, 2020 – An AWC was issued in which Feeley was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Feeley consented to the sanctions and to the entry of findings that he impersonated insurance customers and his supervisor at his member firm during calls made to an insurance company to obtain information about existing insurance contracts. The findings stated that Feeley posed as the customers on calls to the insurance company’s customer service department in order to obtain information about the customers’ insurance contracts. Although the policy information was requested, none of the customers authorized Feeley to impersonate them. In addition, Feeley posed as his firm supervisor when the supervisor was the only servicing representative of record with the insurance company and he had an urgent need for information about the terms or status of a customers’ policy. Feeley’s firm supervisor did not authorize Feeley to impersonate him.

The suspension was in effect from August 17, 2020, through September 30, 2020. ([FINRA Case #2019063293701](#))

**William Anthony Daly III ([CRD #2771735](#), North Chesterfield, Virginia)**

August 12, 2020 – An AWC was issued in which Daly was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Daly consented to the sanctions and to the entry of findings that he engaged in unauthorized trading. The findings stated that Daly effected trades in the accounts of customers at his member firm without first discussing with, or obtaining authorization from, the customers. Each trade was placed to generate the funds necessary to cover the \$75 account fee charged by the firm.

The suspension is in effect from September 7, 2020, through October 21, 2020. ([FINRA Case #2019063061601](#))

**Richard John Denecker Jr. ([CRD #1065784](#), Midlothian, Virginia)**

August 12, 2020 – An AWC was issued in which Denecker was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Denecker consented to the sanctions and to the entry of findings that he engaged in unauthorized trading. The findings stated that Denecker effected trades in the accounts of customers at his member firm without first discussing with, or obtaining authorization from, the customers. Each trade was placed to generate the funds necessary to cover the \$75 account fee charged by the firm.

The suspension is in effect from September 7, 2020, through October 21, 2020. ([FINRA Case #2019063061701](#))

**Yvonne Marie Nirelli ([CRD #1364313](#), Canastota, New York)**

August 12, 2020 – An AWC was issued in which Nirelli was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Nirelli consented to the sanctions and to the entry of findings that she exercised discretion without written authorization in customer accounts. The findings stated that although the customers knew that Nirelli was exercising discretion in their accounts, she did not have prior written authorization to do so from any of the customers and her member firm had not approved any of the accounts for discretionary trading.

The suspension was in effect from September 8, 2020, through September 28, 2020. ([FINRA Case #2019061646403](#))

**Michael Erwin ([CRD #6774571](#), Topeka, Kansas)**

August 13, 2020 – An AWC was issued in which Erwin was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Erwin consented to the sanctions and to the entry of findings that he settled a customer complaint without the knowledge or approval of his member firm. The findings stated that the customer instructed Erwin to close her account by a specific date. Erwin did not close the customer's account until seven days later, by which time the account had declined in value. Shortly thereafter, the customer contacted Erwin and his branch office administrator to complain. Erwin wrote the customer a personal check for \$2,500 to settle the complaint. Although the firm was aware of the customer's complaint, Erwin did not disclose to the firm that he had paid money to the customer to settle the complaint.

The suspension was in effect from September 8, 2020, through September 21, 2020. ([FINRA Case #2020066424801](#))

**Luke Charles Nelson ([CRD #6217103](#), Fosston, Minnesota)**

August 13, 2020 – An AWC was issued in which Nelson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Nelson consented to the sanctions and to the entry of findings that he signed a customer's signature and/or initials on account-related documents without the customer's authorization. The findings stated that Nelson met with the prospective customer, who completed and signed applications and related documents to open two fee-based advisory accounts. Nelson submitted the applications and documents to his member firm. The firm informed Nelson that two of the documents submitted in connection with the new accounts required non-substantive corrections. In accommodation to the customer, but without his authorization, Nelson signed the customer's initials on a corrected asset transfer form, and the customer's signature on a corrected statement of investment selection and resubmitted them for processing. Subsequently, Nelson learned that certain mutual funds owned by the customer had

mistakenly been transferred into the customer's new managed accounts and sold. To correct this mistake, the mutual fund sales were canceled, and Nelson completed two new commission-based brokerage account applications to open brokerage accounts to hold the funds. Nelson signed the customer's signature on both applications, again without the customer's authorization.

The suspension is in effect from August 17, 2020, through October 16, 2020. ([FINRA Case #2019061507001](#))

**Clifton Hideki Roberts (CRD #3201516, Richmond, Texas)**

August 14, 2020 – An AWC was issued in which Roberts was suspended from association with any FINRA member in all capacities for one month. In light of Roberts' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Roberts consented to the sanction and to the entry of findings that he engaged in an outside business activity without providing prior written notice to, or seeking approval from, his member firm. The findings stated that Roberts held himself out as the chief operating officer of a company and served as a loan officer for a third-party entity. Roberts did not receive any compensation for this outside business. The findings also stated that Roberts did not disclose the company as an outside business activity to the firm on an annual compliance questionnaire.

The suspension was in effect from September 8, 2020, through October 7, 2020. ([FINRA Case #2018058501501](#))

**Stephen Paul Florio (CRD #1186577, Plantation, Florida)**

August 20, 2020 – An AWC was issued in which Florio was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Florio consented to the sanctions and to the entry of findings that he exercised discretion without written authorization in a customer's account. The findings stated that due to the customer's business and travel schedule, the customer orally authorized Florio to exercise discretion in the account. However, Florio did not have the customer's written authorization to exercise discretion, nor was the account approved for discretion by Florio's member firm. In addition, Florio incorrectly answered whether he exercised discretion in any customer's account in firm annual compliance questionnaires.

The suspension was in effect from September 21, 2020, through October 2, 2020. ([FINRA Case #2018059717201](#))

**Christopher Thomas Hildebrandt (CRD #1318476, Cape May Court House, New Jersey)**

August 21, 2020 – An AWC was issued in which Hildebrandt was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Hildebrandt consented to the sanctions and to the entry of findings that he altered documents as an accommodation to customers and submitted the documents to his member firm. The findings stated that



Hildebrandt falsified the documents by reusing signatures and using correction fluid to conceal information already entered, like signature dates. Hildebrandt also altered dollar amounts on distribution forms and corrected or added information by use of correction fluid and/or ink. The underlying transactions were all authorized. Hildebrandt's practice of reusing client signatures and using correction fluid to alter information continued even after the firm warned him not to do so in both a phone call and a Letter of Education.

The suspension is in effect from September 7, 2020, through January 6, 2021. ([FINRA Case #2018060237801](#))

**Joseph Paul Woitkoski (CRD #3023301, Pittsfield, Massachusetts)**

August 21, 2020 – An AWC was issued in which Woitkoski was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 30 business days. Without admitting or denying the findings, Woitkoski consented to the sanctions and to the entry of findings that he exercised discretion without written authorization in accounts maintained by customers, some of whom were seniors. The findings stated that over the course of longstanding relationships, the customers gave authorization to Woitkoski to exercise discretion in their accounts. However, Woitkoski did not have written authority from the customers to exercise discretion and never requested or obtained approval from his member firm to exercise discretion in their accounts. In addition, Woitkoski completed a compliance questionnaire in which he inaccurately stated that he did not exercise discretion in any non-fee-based accounts. The findings also stated that Woitkoski caused the firm to maintain inaccurate books and records by mismarking order tickets for trades as unsolicited when the trades were his idea. Woitkoski had no communication with the customer for at least a week prior to entering the subject trade orders.

The suspension is in effect from September 8, 2020, through October 19, 2020. ([FINRA Case #2018059808101](#))

**Michael Finn Coomes Jr. (CRD #2699173, Phoenix, New York)**

August 24, 2020 – An AWC was issued in which Coomes was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Coomes consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without prior written authorization to do so from any of the customers and without his member firm having approved any of these accounts for discretionary trading. The findings stated that Coomes effected these trades based on communications with customers that occurred three or more days before he placed the trades and the customers knew that he was exercising discretion in their accounts.

The suspension was in effect from September 21, 2020, through October 9, 2020. ([FINRA Case #2019060749101](#))

**Jose A. Yniguez (CRD #4945380, Oxnard, California)**

August 25, 2020 – An AWC was issued in which Yniguez was assessed a deferred fine of \$12,500, suspended from association with any FINRA member in all capacities for 14 months and ordered to pay deferred disgorgement of commissions received in the amount of \$1,600, plus interest. Without admitting or denying the findings, Yniguez consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notice to his member firm. The findings stated that Yniguez was employed as an assistant to the founder and chairman of a company. Yniguez' company-related activities included coordinating the founder's meetings and appointments, reviewing correspondence, making banking deposits, attending and participating in trade shows and testing the functionality of the company's website. Yniguez had a company-issued email address and received approximately \$5,000 as compensation from the founder for his services. The findings also stated that Yniguez personally invested in the company and participated in private securities transactions for which he received selling compensation, without providing prior written notice to or receiving written approval from his firm. Yniguez solicited and referred individuals, including firm customers, to invest in shares of the company. Yniguez recommended that his firm customers and the other individuals invest in the company, endorsing the company and its management; and referred them to the company to complete their investment. Yniguez also collected the investors' checks and delivered them to, or deposited them on behalf of, the company. The individuals ultimately invested a total of \$99,900 in the company, for which Yniguez received approximately \$1,600 in commissions. Yniguez also personally invested \$4,300 in the company. The findings also included that Yniguez made false statements to the firm during its internal investigation regarding the compensation he received and the number of individuals he solicited.

The suspension is in effect from September 8, 2020, through November 7, 2021. ([FINRA Case #2018060543701](#))

**Jesse Todd Kovacs (CRD #5047161, Forked River, New Jersey)**

August 26, 2020 – An AWC was issued in which Kovacs was suspended from association with any FINRA member in all capacities for three months. In light of Kovacs' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Kovacs consented to the sanction and to the entry of findings that he participated in a private securities transaction without providing prior written notice to his member firm. The findings stated that Kovacs introduced two of his customers at the firm for the purpose of negotiating a loan from the first customer to a business owned by the second customer. The introductory meeting was held at Kovacs' office and he was present. Kovacs was also present at a second meeting between the customers while the terms of the loan were being negotiated. The first customer made a \$150,000 loan to the second customer's business pursuant to a promissory note, in which the second customer and his business promised to repay the first customer \$150,000, plus 15% annual interest, in

18 monthly installments. The first customer sold securities in her firm account in order to fund the loan. The promissory note was a security. Additionally, Kovacs periodically relayed communications between the customers about the securities transaction. Kovacs communicated the first customer's concerns about late and missed payments and provided advice to the second customer about potential amendments to the terms of the promissory note. Ultimately, the first customer was not repaid in full and filed an arbitration against Kovacs and his firm.

The suspension is in effect from September 21, 2020, through December 20, 2020. ([FINRA Case #2019062253101](#))

**James Michael Rapisarda ([CRD #1851883](#), Scottsdale, Arizona)**

August 28, 2020 – An AWC was issued in which Rapisarda was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Rapisarda consented to the sanctions and to the entry of findings that he participated in private securities transactions involving a company in which he was a minority shareholder without prior written notice to his member firm. The findings stated that Rapisarda recommended that four individuals, including one firm customer, invest in the company. Three of those individuals subsequently paid a total of more than \$10,000 to purchase shares in the company. In addition, Rapisarda assisted each of the individuals with executing their purchases of the company's shares. Rapisarda did not receive any selling compensation associated with any of these transactions. Rapisarda's participation in those securities transactions was outside the regular course and scope of his employment with the firm.

The suspension was in effect from September 8, 2020, through September 28, 2020. ([FINRA Case #2019061034501](#))

## Complaints Filed

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

**Victor A. Rigoni III ([CRD #4272056](#), Antioch, Illinois)**

August 3, 2020 – Rigoni was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose unsatisfied federal and state tax liens totaling \$164,521. The complaint alleges that on average, Rigoni disclosed his liens almost three-and-a-half years late. In addition, Rigoni never disclosed a state tax lien in

the amount of \$11,304, even though he knew about it when it was filed and FINRA alerted him about it. The complaint also alleges that Rigoni falsely attested to his member firm on annual firm compliance questionnaires that he was in compliance with FINRA's Form U4 disclosure requirements. Rigoni falsely attested to the firm in the questionnaires that his Form U4 was complete and accurate. These attestations were false because, at the time he made them, Rigoni knew that he had not disclosed the unsatisfied liens on his Form U4. ([FINRA Case #2018060840101](#))

**Lynn Dale Cawthorne ([CRD #3211221](#), Shreveport, Louisiana)**

August 25, 2020 – Cawthorne was named a respondent in a FINRA complaint alleging that he failed to comply with its requests for information in connection with an investigation into his failure to disclose multiple felony charges and other potential violations. The complaint alleges that Cawthorne was indicted in the U.S. District Court for the Western District of Louisiana on seven felony counts of wire fraud and one felony count of conspiracy to commit wire fraud in connection with allegedly misappropriating approximately \$536,000 from a government program that provided nutritious meals to children in low-income areas when school is not in session during the summer. The requested information was necessary to determine, among other things, whether Cawthorne failed to report his indictment and superseding indictment, and whether his related outside business activities and private securities transactions were properly disclosed to his firm or otherwise violated applicable FINRA rules. ([FINRA Case #2018059919702](#))

**Rani Soto ([CRD #6016117](#), Bayonne, New Jersey)**

August 28, 2020 – Soto was named a respondent in a FINRA complaint alleging that he failed to disclose outside business activities to his member firm prior to engaging in the activities. The complaint alleges that Soto did not disclose these activities, in part, because he was afraid he would be terminated. Soto received, or expected to receive, compensation from multiple businesses and a rental property. Soto also was the sole member of the board of trustees for one business. Each of these business activities took place outside of the scope of his relationship with the firm. The complaint also alleges that Soto made false statements to the firm in documents concerning his participation in the outside business activities. Soto falsely attested on annual compliance questionnaires for his firm that he had not held any paid or unpaid positions at an outside business in the past year. In addition, Soto never updated his Form U4 to disclose his outside business activities. Nevertheless, Soto falsely affirmed on annual Form U4 attestations to the firm that the information on his Form U4 was complete, accurate and up to date. The complaint further alleges that throughout FINRA's investigation of this matter, Soto failed to timely and completely respond to its requests for documents and information. Soto's failure to respond to its requests caused significant delay to FINRA's investigation into the firm's

termination of Soto. Soto's failures ultimately led to the initiation of a proceeding against Soto pursuant to FINRA Rule 9552 and subsequently his suspension. Three days before his suspension would have converted to an all capacities bar, Soto made a partial production of documents to FINRA that lifted his suspension. After the suspension was lifted, Soto failed to timely and completely respond to additional requests issued to him by FINRA. Among other things, Soto failed to provide complete bank records and tax returns to FINRA. ([FINRA Case #2018059766702](#))

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

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

**Avalon Investment & Securities Group, Inc. (CRD #6281)**  
Muscle Shores, Alabama  
(August 27, 2020)  
FINRA Case #2020065130101

**Kipling Jones & Co., Ltd (CRD #144730)**  
Houston, Texas  
(April 27, 2020 – August 3, 2020)

**Objective Equity, LLC (CRD #132026)**  
Greenbrae, California  
(January 10, 2020 – August 3, 2020)

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**Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)**

(If the bar has been vacated, the date follows the bar date.)

**Conrad Aaron Coggeshall (CRD #4383687)**  
Phoenix, Arizona  
(August 7, 2020)  
FINRA Case #2019064840801

**Roderick Kenneth Day (CRD #3198714)**  
Alexandria, Virginia  
(August 17, 2020)  
FINRA Case #2019064174001

**Marvin Egorin (CRD #76179)**  
Beverly Hills, California  
(August 17, 2020)  
FINRA Case #2019061659101

**Frank Alexander Grant IV (CRD #1974605)**  
Altadena, California  
(August 24, 2020)  
FINRA Case #2020065668201

**Andrew David Slocum (CRD #3249791)**  
Snowmass Village, Colorado  
(August 24, 2020)  
FINRA Case #2019064284701

**Junior Agobet Tonkam (CRD #6339398)**  
Silver Spring, Maryland  
(August 24, 2020)  
FINRA Case #2020065680101

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**Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)**

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

**Michael P. Albarella (CRD #6234333)**  
Floral Park, New York  
(August 17, 2020)  
FINRA Case #2020065994601

**Curt Giacobbe (CRD #2682776)**  
Northport, New York  
(August 27, 2020)  
FINRA Case #2020065067201

**Dean Allen Grosskreutz (CRD #4211575)**  
Cleveland, Tennessee  
(August 17, 2020)  
FINRA Case #2020065968701

**Naveed Mitha (CRD #6167691)**  
Tucker, Georgia  
(August 31, 2020)  
FINRA Case #2020065570901

**Jose Antonio Montero (CRD #6895667)**  
 Warrenville, Illinois  
 (August 24, 2020)  
 FINRA Case #2019062735401

**Cleavon Tidball (CRD #2615359)**  
 Owings Mills, Maryland  
 (August 31, 2020)  
 FINRA Case #2020065967401

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

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

**Jeffrey Thomas Allen (CRD #3014072)**  
 Dunedin, Florida  
 (August 27, 2020)  
 FINRA Arbitration Case #20-00914

**Christopher Paul Canorro (CRD #4714934)**  
 Snoqualmie, Washington  
 (August 13, 2020)  
 FINRA Case #2020066658301/ARB200020/  
 Arbitration Case #19-03204

**Terrence Jeffrey Diehl (CRD #2335297)**  
 Canandaigua, New York  
 (August 11, 2020)  
 FINRA Arbitration Case #20-00144

**Alex Gerardo Herrera (CRD #3204779)**  
 Miami, Florida  
 (August 21, 2020)  
 FINRA Arbitration Case #20-00245

**Blake H. Kiernan (CRD #4477243)**  
 Smithtown, New York  
 (August 27, 2020)  
 FINRA Arbitration Case #18-01679

**Deependra Kumar Logani (CRD #5156406)**  
 Bensalem, Pennsylvania  
 (August 11, 2020)  
 FINRA Arbitration Case #20-00392

**Anthony Mastroianni Jr. (CRD #2151249)**  
 Colts Neck, New Jersey  
 (August 27, 2020)  
 FINRA Arbitration Case #20-00620

**Frank Noel Mebane III (CRD #6115218)**  
 Hilton Head Island, South Carolina  
 (August 27, 2020)  
 FINRA Arbitration Case #20-00348

**Denis Patrick O'Leary (CRD #2179225)**  
 Oceanside, New York  
 (July 11, 2019 – August 10, 2020)  
 FINRA Arbitration Case #18-02489

**John F. Riccardi Jr. (CRD #4771185)**  
 Staten Island, New York  
 (August 27, 2020)  
 FINRA Arbitration Case #20-00620

**Scott Robert Whittemore (CRD #2039604)**  
 Charlestown, Massachusetts  
 (August 21, 2020)  
 FINRA Arbitration Case #20-00667

## PRESS RELEASE

### FINRA Fines Interactive Brokers \$15 Million for Widespread AML Failures

FINRA announced that it has fined [Interactive Brokers LLC](#) \$15 million for widespread failures in the firm's anti-money laundering (AML) program, which persisted for more than five years. As part of the settlement, FINRA also required Interactive Brokers to certify that it will implement the recommendations of a third-party consultant to remedy the firm's AML program failures. Also today, the Securities and Exchange Commission, and Commodity Futures Trading Commission announced disciplinary actions fining Interactive Brokers \$11.5 million for AML failures, resulting in more than \$38 million in total fines and other penalties.

From January 2013 through September 2018, Interactive Brokers experienced dramatic growth—it became one of the largest electronic broker-dealers in the United States based on shares traded, and it cleared transactions for more foreign financial institutions than any other broker-dealer in the United States. However, FINRA found that, in spite of that growth, Interactive Brokers failed to dedicate the resources necessary to meet its AML obligations. In particular, FINRA determined that Interactive Brokers failed to meet its AML obligations because of various shortcomings, including the following:

- ▶ Interactive Brokers did not reasonably surveil hundreds of millions of dollars of its customers' wire transfers for money laundering concerns. Those wires included millions of dollars of third-party deposits into customers' accounts from countries recognized as "high risk" by U.S. and international AML agencies.
- ▶ Interactive Brokers did not reasonably investigate suspicious activity when it found it because it lacked sufficient personnel and a reasonably designed case management system. Even after a compliance manager at the firm warned his supervisor that "we are chronically understaffed" and "struggling to review reports in a timely manner," it took Interactive Brokers years to materially increase its AML staffing or augment its AML systems.
- ▶ Interactive Brokers failed to establish and implement policies, procedures, and internal controls reasonably designed to cause the reporting of suspicious transactions as required by the Bank Secrecy Act (BSA). In certain instances, the firm's AML staff identified suspicious conduct, including manipulative trading and other fraudulent or criminal activity. But the firm only filed Suspicious Activity Reports (SARs) regarding that suspicious conduct after it was prompted to do so by FINRA's investigation.

As a result of these failures, Interactive Brokers did not reasonably surveil, detect, and report many instances of suspicious activity that were Ponzi schemes, market manipulation schemes, and other misconduct.



Jessica Hopper, FINRA Executive Vice President and Head of Enforcement, said, “Today’s action is a reminder that member firms must tailor their AML programs to the firms’ business model and customer base, and also dedicate resources to programs commensurate with their growth and business lines. FINRA will continue to take steps to ensure that firms comply with their obligation to monitor for, detect and report suspicious activity.”

In its 2020 Risk Monitoring and Examination Priorities Letter, FINRA highlighted AML as an area of concern and noted it will assess firms’ compliance with FINRA Rule 3310. Firms can also review FINRA’s Examination Findings Reports to understand FINRA’s areas of concern related to AML and FINRA provides guidance and offers compliance training to firms about their AML compliance obligations.

In determining the appropriate sanction, FINRA considered the meaningful steps that Interactive Brokers took after the commencement of FINRA’s investigation to remediate its AML program.

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