

# Disciplinary and Other FINRA Actions

## Firms Expelled, Individuals Sanctioned

Markel Newton fka DT Securities, LTD. ([CRD® #131662](#), Toluca Lake, California) and Daniel Robert Markel ([CRD #4001466](#), Toluca Lake, California) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was expelled from FINRA® membership. Markel was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, the firm and Markel consented to the sanctions and to the entry of findings that they participated in private placement offerings in which they made negligent misrepresentations and omissions. The findings stated that the firm and Markel negligently omitted or misrepresented material facts by failing to disclose a judgment entered against Markel and others, and a complaint and subsequent suspension the California Department of Real Estate levied against Markel and an entity he owned, either in the offering's private placement memorandum or otherwise.

The findings also stated that Markel made unsuitable recommendations of an offering to customers that were unsuitable for any investor, regardless of the investor's financial situation, investment objectives and needs. The findings also included that the firm, through Markel, failed to enter into or otherwise become a party to an escrow agreement, by failing to establish an appropriate escrow account, and by failing to cause investor funds to be deposited into an appropriate escrow account.

FINRA found that the firm and Markel prematurely released escrow funds before reaching the minimum contingency in one offering and failed to meet the minimum contingency through bona fide sales in another offering, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-9 thereunder. FINRA also found that Markel willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose the California Department of Real Estate complaint; an unsatisfied judgment; multiple bankruptcy filings; an investment-related, customer-initiated civil litigation involving sales practice violations; an investment-related, customer-initiated arbitration involving sales practice violations; and nine customer complaints. ([FINRA Case #2013035075601](#))

## Reported for November 2016

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

## Firms Fined, Individuals Sanctioned

TradeSpot Markets Inc. ([CRD #29683](#), Davie, Florida) and Mark Bedros Beloyan ([CRD #1392748](#), Davie, Florida) submitted an Offer of Settlement in which the firm was censured; fined \$10,000; and shall not effect, for one year from the effective date of the Offer, any solicited or recommended purchase transactions in penny stocks; and shall, within 30 days of the issuance of a Notice of Acceptance of the Offer in this matter, retain a consultant not unacceptable to FINRA to conduct a review of the firm's written supervisory procedures (WSPs) relating to its compliance with penny stock rules. A lower fine was imposed against the firm after considering, among other things, its revenue and financial resources. Beloyan was suspended from association with any FINRA member in any principal capacity for 50 days and suspended from association with any FINRA member in any capacity for 10 days, to be served consecutively. In light of Beloyan's financial status, no monetary sanction has been imposed.

Without admitting or denying the allegations, the firm and Beloyan consented to the sanctions and to the entry of findings that the firm, acting through Beloyan, recommended the purchase of penny stocks and engaged in penny stock transactions with customers who were not otherwise exempt from the penny stock rules, without complying with the obligations under Rule 15g-9 of the Exchange Act. The findings stated that the firm, acting through Beloyan, failed to make an affirmative determination of suitability and document that determination of suitability on the customer suitability statement prior to sending the document to customers for their review and signature. The firm, acting through Beloyan, consistently entered information in the "suitability determination" section of the customer suitability statement only after the customers signed and returned the document to the firm. Consequently, before effecting the penny stock transactions, customers did not have the benefit of reviewing the firm or Beloyan's affirmative determination of the customers' suitability to effect the penny stock transactions. The firm, acting through Beloyan, entered a date next to the customer signature line on certain customer suitability statements and agreement to purchase forms prior to sending the document to the customer for review and signature. The customer, not Beloyan, should have entered the date to ensure that it accurately reflected the date the customer actually signed the document. The date Beloyan entered on those customer suitability statements and agreement to purchase forms next to the customer signature line may not accurately represent the date the customer signed the document. Nothing on the customer suitability statements or agreement to purchase forms indicates that Beloyan—not the customer—completed the dates, or that they may not accurately reflect the date the customer signed the documents. The firm, acting through Beloyan, failed to complete the customer suitability statement and agreement to purchase form for a customer account involving penny stock transactions. The customer account and transactions were not exempt from the penny stock rules under Section 15(h) or Rule 15g-1 of the Exchange Act.

The findings also stated that Beloyan was responsible for implementing and updating the firm's WSPs. The WSPs addressing penny stocks were deficient in that they did not adequately establish procedures for how the firm should complete the customer suitability statement, including the affirmative determination of suitability, prior to it being sent to the customer for review and signature; did not adequately establish procedures for how customers were to be informed of information required to be disclosed pursuant to the applicable penny stock rules; and did not adequately establish procedures for ensuring that transactions in penny stocks were not effected sooner than the time allowed under Rule 15g-9(b)(4)(ii) of the Exchange Act.

The suspension in any principal capacity is in effect from October 3, 2016, through November 21, 2016. The suspension in any capacity will be in effect from November 22, 2016, through December 1, 2016. ([FINRA Case #2013037033101](#))

## Firms Fined

**Apex Clearing Corporation** ([CRD #13071](#), Dallas, Texas) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a long sale transaction, and did not close out the position by purchasing or borrowing securities of like kind and quantity within the time frame and manner prescribed by Rule 204(a) of Regulation SHO. The findings stated that in several instances, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that was attributable to bona fide market-making activities, and did not close out the fail-to-deliver position by purchasing securities of like kind and quantity within the time frame prescribed by Rule 204(a)(3) of Regulation SHO. ([FINRA Case #2014040494101](#))

**Avila Capital Markets, Inc.** ([CRD #103941](#), New York, New York) submitted an AWC in which the firm was censured, fined \$350,000 and required to retain an independent consultant, not unacceptable to FINRA, to conduct a comprehensive review of the adequacy of the firm's policies, systems, and procedures (written and otherwise), and training related to compliance with FINRA Rule 3310 and the requirements of the Bank Secrecy Act, and the regulations promulgated thereunder. 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 an anti-money laundering (AML) compliance program (AMLCP) reasonably designed to detect and cause the reporting of suspicious transactions, as required under the Bank Secrecy Act and its implementing regulations. The findings stated that the firm facilitated the sale of more than \$2.5 billion in Venezuelan bonds for customers without having in place adequate AML procedures to assure that such transactions were reasonably scrutinized. The firm failed to establish and implement an adequate AMLCP tailored to its Venezuelan bond business or its foreign customer base. The firm also failed to adequately

implement its AML procedures and reasonably monitor, detect, and investigate red flags in connection with certain bond transactions and wire activity indicative of potentially suspicious activities; and failed to determine whether or not to file a Suspicious Activity Report (SAR).

The findings also stated that the firm failed to conduct adequate due diligence on foreign financial institutions (FFI) accounts. The firm did not adequately assess, at account opening or thereafter, the money laundering risks posed by the FFI accounts, and failed to perform periodic reviews of account activity sufficient to determine consistency with information previously obtained about the type, purpose and anticipated activity of the accounts. The firm also failed to conduct enhanced due diligence on foreign bank customers located in countries designated as high-risk jurisdictions for money laundering activity. ([FINRA Case #2013036336001](#))

**Calton & Associates, Inc.** ([CRD #20999](#), Tampa, Florida) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securitized products to TRACE within the time required by FINRA Rule 6730(a). ([FINRA Case #2015046491801](#))

**Canaccord Genuity Inc.** ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that in several instances, it published a quotation for an over-the-counter (OTC) equity security or non-exchange-listed security, or, directly or indirectly, submitted such quotation for publication, in a quotation medium, OTC Link, and did not have in its records the required documentation and information. The findings stated that the firm did not have a reasonable basis under the circumstances for believing that the information was accurate in all material respects, and that the sources of the information were reliable. The quotations did not represent a customer's indication of unsolicited interest. The findings also stated that for each quotation, the firm failed to file a Form 211 with FINRA at least three business days before the quotation was published or displayed in a quotation medium. Additionally, the firm failed to maintain adequate documentation that an order represented an unsolicited order or indication of interest. ([FINRA Case #2014040120101](#))

**Canaccord Genuity Inc.** ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the price and the full size of customer limit orders for firm-held OTC equity securities that were at a price that would have improved the firm's bid or offer in such securities. ([FINRA Case #2015044269901](#))

**Canaccord Genuity Inc. (CRD #1020, New York, New York)** submitted an AWC in which the firm was censured, fined \$12,500, and required to pay \$889.84, 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 fully and promptly execute customer market orders. The findings stated that 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 customer was as favorable as possible under prevailing market conditions. ([FINRA Case #2015046558501](#))

**Citadel Securities LLC (CRD #116797, Chicago, Illinois)** submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed short sale transactions in OTC equity securities and incorrectly reported such transactions to FINRA with a short exempt modifier. The findings stated that the firm did not have an adequate supervisory system, including adequate WSPs, reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning FINRA Rules 6624 and 7330(d)(6). Specifically, the firm's systems had been programmed to allow short exempt marking for short sale transactions in OTC equity securities. The findings also stated that the firm did not conduct adequate reviews of its OTC transaction reports to ensure proper marking. ([FINRA Case #2014043340601](#))

**Credit Suisse Securities (USA) LLC (CRD #816, New York, New York)** submitted an AWC in which the firm was censured, fined \$42,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions in securities while a trading halt was in effect with respect to each of the securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's supervisory system did not include WSPs providing for adequate supervisory steps to be taken by the persons responsible for supervision with respect to the applicable rule. ([FINRA Case #2012033978001](#))

**Credit Suisse Securities (USA) LLC (CRD #816, New York, New York)** submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, for more than two million transactions, it failed to report the correct capacity code of the contra broker-dealer to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF). ([FINRA Case #2014041984301](#))

**Credit Suisse Securities (USA) LLC (CRD #816, New York, New York)** submitted an AWC 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 failed to report the correct Related Market Center code for approximately 11.5 million transactions to the FNTRF. The findings stated that the firm's supervisory system did not provide for

supervision reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning the trade reporting of Related Market Center codes. The firm's supervisory system did not include adequate WSPs providing for a statement of the supervisory steps the identified persons were to take. ([FINRA Case #2014042631601](#))

**CU Investment Solutions LLC** ([CRD #43753](#), Overland Park, Kansas) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report transactions in TRACE-eligible agency debt securities to TRACE. The findings stated that the firm failed to accurately report the correct execution time for transactions in TRACE-eligible agency debt securities to TRACE. The firm's trading records also reflected the incorrect execution times for some of the transactions. ([FINRA Case #2015045423901](#))

**Deutsche Bank Securities Inc.** ([CRD #2525](#), New York, New York) submitted an AWC in which the firm was censured, fined \$15,000, and required to revise its controls and procedures, including its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale order in a security subject to a short sale circuit breaker at a price at or below the national best bid. The findings stated that the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with Rule 201(6) of Regulation SHO. ([FINRA Case #2013037577901](#))

**Double Eagle Securities of America, Inc.** ([CRD #43844](#), Tamarac, Florida) submitted an AWC in which the firm was censured and fined \$10,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide its customers with an annual privacy notice, which resulted from the firm's failure to enforce its WSPs. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and written procedures reasonably designed to ensure that its mutual fund share class recommendations were suitable in light of its customers' anticipated holding period, the amount invested, and the sales charges and fees associated with the various share classes. The firm made purchases of Class C shares for its customers, totaling approximately \$286,000. Many of these customers anticipated holding the mutual funds long-term. However, the firm did not have a mechanism to ensure that the share class recommendation was suitable for the customers. ([FINRA Case #2014039407201](#))

**Edgemont Capital Partners, L.P.** ([CRD #122572](#), New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it presented an unregistered person as an investment banking expert on its website, even though he never

obtained any securities licenses before or during his employment at the firm. The findings stated that the firm permitted the unregistered person to carry on an investment banking business, including soliciting prospective customers, conducting meetings with issuer representatives, and drafting and contributing information to marketing materials. The firm was aware of the unregistered person's activities but failed to ensure that he obtained appropriate licenses prior to conducting those activities. The firm additionally failed to enforce its WSPs, which required the firm to register any person who was to engage in the investment banking or securities business of the firm. The findings also stated that the firm permitted managing directors to give advice on the firm's investment banking transactions even though the managing directors were not properly registered. Although the managing directors were licensed as General Securities Representatives, among other things, none of the managing directors held a Series 79 Investment Banking Representative license. ([FINRA Case #2015043343301](#))

**Emmet & Co, Inc.** ([CRD #15993](#), Far Hills, New Jersey) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report municipal securities transactions to the Real-time Transaction Reporting System (RTS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB). The findings stated that the firm initially properly reported the municipal securities transactions to the RTS but then erroneously cancelled the reporting of those transactions. ([FINRA Case #2016047672001](#))

**Financial West Investment Group, Inc. dba Financial West Group** ([CRD #16668](#), Westlake Village, California) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to the Order Audit Trail System (OATS™) that contained inaccurate Account Type Codes. ([FINRA Case #2014043050801](#))

**I.E. Investments, Inc. dba Stark Municipal Brokers** ([CRD #25169](#), Agoura, California) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade time to the RTS in reports of inter-dealer transactions in municipal securities and failed to record the correct execution time on its trade memorandum for municipal securities transactions. The findings stated that the firm failed to timely report information regarding transactions effected in municipal securities to the RTS in the manner prescribed by MSRB Rule G-14 RTS Procedures and the RTS User Manual. Specifically, the firm failed to report information about the transactions to the RTS Portal within 15 minutes of trade time. ([FINRA Case #2015044223001](#))

**IMS Securities, Inc.** ([CRD #35567](#), Houston, Texas) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to have adequate

supervisory procedures to monitor variable annuity transactions for problematic rates of exchange. The findings stated that the firm relied upon its chief financial officer (CFO) to review variable annuity exchanges effected for regulatory compliance, but did not provide him with any guidance or tools, such as exception reports or trend analysis, to assist with reviews for problematic patterns of exchange. The resources available to the CFO for the reviews were limited to the variable annuity application and the order records for the exchange at issue. The findings also stated that the firm failed to enforce its procedures regarding consolidated reports. According to the procedures, the firm was to review and approve the consolidated reports prior to dissemination to clients. The firm allowed manual entry of values for investments not held at the firm, and the approval process required verification of the value of investments not held by the firm. Despite its written procedures, the firm failed to review and approve reports prior to dissemination. Firm registered representatives sent consolidated reports, and although the firm represented that it was verifying the values of the investments listed on the reports, the verifications occurred after dissemination to the clients, and in many instances, the firm could not provide any support other than the initials of a principal on the reports. ([FINRA Case #2014039417401](#))

**Industrial and Commercial Bank of China Financial Services LLC (CRD #131487, New York, New York)** submitted an AWC in which the firm was censured, fined \$32,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted inaccurate short interest position reports to FINRA on several settlement days. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning short interest reporting. ([FINRA Case #2014041831901](#))

**Jefferies LLC (CRD #2347, New York, New York)** submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible corporate debt securities to TRACE within the time frame required by FINRA Rule 6730(a). ([FINRA Case #2015045398501](#))

**Koonce Securities, LLC (CRD #8089, Rockville, Maryland)** submitted an AWC in which the firm was censured and fined \$9,500. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed riskless principal transactions in national market system (NMS) securities after receiving a customer's long sale order, and failed to report the firm's matching riskless principal short sale transactions to FINRA with a short sale indicator. The findings stated that the firm executed riskless principal transactions in non-NMS securities after receiving a customer's long sale order, and failed to report the firm's matching riskless principal short sale transactions to the OTC Reporting Facility™ (ORF™) with a short sale indicator.

The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning trade reporting and required use of the short sale indicator. The firm's supervisory system did not include WSPs providing for a statement of the supervisory steps to be taken by the individuals responsible for supervision of trade reporting to ensure that short sale transactions were appropriately reported with a short sale or short exempt indicator. ([FINRA Case #2014040306301](#))

**Loyal3 Securities Inc.** ([CRD #6380](#), San Francisco, California) submitted an AWC in which the firm was censured, fined \$20,000, and required to retain an independent consultant to conduct a comprehensive review of the adequacy of its policies, systems and procedures (written and otherwise), and training relating to compliance with Exchange Act Rules 15c3-1 and 15c3-3. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain adequate balances in its customer reserve fund account, resulting in hindsight deficiencies. The findings stated that the firm conducted a securities business while maintaining less than its required minimum amount of net capital on several occasions. The net capital deficiencies were the result of the firm's erroneous classification of a syndicate receivable, relating to its role as an underwriter in a public offering, as an allowable asset even though more than 30 days had elapsed since the date of the relevant public offering. ([FINRA Case #2016048391301](#))

**Merrill Lynch, Pierce, Fenner & Smith Incorporated** ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured, fined \$50,000, 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 in customer transactions executed on the firm's alternative trading system (ATS), it 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 the customer was as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning best execution. The firm, when performing its best execution reviews for transactions executed on its ATS, failed to use an independent data source to evaluate executions or to review the market data the ATS used for order handling and execution. ([FINRA Case #2011028816701](#))

**Nikoh Securities Corporation** ([CRD #39147](#), Northbrook, Illinois) submitted an AWC in which the firm was censured and fined \$5,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement an adequate supervisory system with respect to the review of private securities transactions. The findings stated that two firm registered representatives effected trades while employed by an outside entity, but the firm did not record the securities transactions conducted by these representatives on its books and records, or

supervise their activity by monitoring and approving the transactions. The findings also stated that the firm failed to conduct a review of preexisting activities of outside business activities associated with the registered representatives. The findings also included that the firm failed to conduct adequate due diligence with respect to a hedge fund to which the firm referred its customers.

FINRA found that the firm was unable to provide a supervisory controls report for the years 2008, 2009, 2010 and 2011. In addition, the firm failed to prepare an annual chief executive officer (CEO) certification of the firm's compliance and supervisory certification for the year 2012, and failed to produce an adequate CEO certification for the year 2008. The firm also failed to provide a report for the year 2008 that delegated and identified on Schedule A of the firm's Uniform Application for Broker-Dealer Registration (Form BD) the specific principal to serve as a chief compliance officer (CCO). ([FINRA Case #2012030702601](#))

**Puma Capital, LLC** ([CRD #146744](#), Purchase, New York) submitted an AWC 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 establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning Regulation NMS. The firm's WSPs did not identify the persons responsible at the firm to ensure compliance with Rule 611 of Regulation NMS. Additionally, the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning Rule 611(b)(7) of Regulation NMS. ([FINRA Case #2015045011401](#))

**Raymond James & Associates, Inc.** ([CRD #705](#), St. Petersburg, Florida) submitted an AWC in which the firm was censured, fined \$30,000, 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 immediately publish a bid or offer that reflected the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the bid or offer of the firm in such securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate procedures regarding FINRA Rule 6460. ([FINRA Case #2014043168701](#))

**Raymond James & Associates, Inc.** ([CRD #705](#), St. Petersburg, Florida) submitted an AWC in which the firm was fined \$5,000 and required to pay \$601.83, 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 accepted and held customer orders traded for its own

account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders in OTC securities up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that in several instances, the firm failed to make every effort to cross a marketable customer order with another order the firm received on the opposite side of the market. Further, on multiple occasions involving either a trading ahead and/or crossing failure, the firm failed to execute a marketable customer order fully and promptly. ([FINRA Case #2014042145301](#))

**Robert W. Baird & Co. Incorporated** ([CRD #8158](#), Milwaukee, Wisconsin) submitted an AWC in which the firm was censured; fined \$12,500; required to pay \$125.54, plus interest, in restitution to customers; 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 traded ahead of customer orders in OTC securities, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately thereafter execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that the firm failed to make every effort to cross a marketable customer order with another order the firm received on the opposite side of the market. The firm also executed customer orders outside normal market hours, contrary to the customers' instructions. The findings also stated that the firm's supervisory system did not provide for the supervision reasonably designed to achieve compliance with the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning order protection requirements applicable to customer orders in OTC securities. ([FINRA Case #2014040421301](#))

**Security Distributors, LLC** ([CRD #3336](#), Topeka, Kansas) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it relied on an exemption to Exchange Act Rule 15c3-3 without satisfying the terms of that exemption. The findings stated that the firm did not compute the minimum balance of its customer reserve account or take other steps to comply with Rule 15c3-3. ([FINRA Case #2016047771001](#))

**SG Americas Securities, LLC** ([CRD #128351](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed, within 10 seconds after execution, to transmit last sale reports of transactions in designated securities to the FNTRF. ([FINRA Case #2015044116801](#))

**Teneo Securities LLC** ([CRD #151256](#), New York, New York) submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while it provided an outside consultant with reasonable parameters for conducting the review of its electronic communications, the firm failed to ensure the review was conducted within

those parameters by testing the consultant's review or obtaining documentation from the consultant evidencing the review. The findings stated that the firm failed to have an audit system in place to ensure that the consultant was conducting a review of the firm's electronic correspondence. In addition, in connection with a change in the firm's retention system, it failed to provide the consultant with access to its electronic communications for review. As a result, the firm failed to ensure that any contemporaneous review of electronic communications was conducted. The findings also stated that the firm changed its electronic storage media provider, and over a year later changed its electronic storage media again. However, the firm failed to provide FINRA with notice of these changes in electronic storage media until almost a year after the second change. ([FINRA Case #2015043373201](#))

The Benchmark Company, LLC ([CRD #22982](#), New York, New York) submitted an AWC in which the firm was censured, fined \$12,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the firm's bid or offer in such securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning FINRA Rule 6460. ([FINRA Case #2015044269501](#))

Tourmaline Partners, LLC ([CRD #154492](#), Stamford, Connecticut) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report Reportable Order Events to OATS. The findings stated that the firm transmitted Route or Combined Order/Route Reports to OATS that OATS was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The findings also stated that the firm failed to enforce its WSPs, which specified that a designated supervisor reviewed the firm's OATS reporting statistics on a regular basis and took steps to remedy any errors. ([FINRA Case #2015046483401](#))

Trustmont Financial Group, Inc. ([CRD #18312](#), Greensburg, Pennsylvania) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to retain emails of representatives who used third-party email accounts, which were not provided by the firm, to send and receive business-related email. The findings stated that the firm knew that the representatives used outside email addresses but failed to take any steps to preserve those emails. The findings also stated that the firm failed to inspect 29 branch offices at least once every three years, and failed to register 15 locations as branch offices. The firm failed to conduct regular, periodic inspections of several non-branch

locations and failed to establish WSPs for the inspection of its non-branch locations. The findings also included that certain representatives created consolidated reports and sent those reports to firm customers. The firm did not have a system or procedures for the regular review of consolidated reports; nor did it have any system or procedures to review manually entered assets and asset values contained within those reports, even on a spot-check basis. Similarly, while the firm considered consolidated reports to be correspondence for purposes of review and retention, it did not have sufficient procedures to ensure that representatives retained consolidated reports as correspondence, that supervisors reviewed the consolidated reports during their correspondence review, and that supervisors kept records documenting that review.

FINRA found that the firm's procedures required representatives to submit retail communications to the firm for pre-approval. However, in regards to a radio show hosted by a firm representative, which included financial and investment-related topics, these procedures were not enforced, and no one at the firm reviewed or approved the radio show's content. FINRA also found that the firm failed to establish, maintain, and enforce a reasonably designed supervisory system and WSPs with respect to representatives' unit investment trust (UIT) transactions. The firm claimed that it applied its supervisory procedures for mutual funds to UIT transactions. The firm's mutual fund procedures required, among other things, the use of exception reports and a manual blotter review to prevent unsuitable switch transactions. Yet, the firm did not have a exception report for UIT transactions, and any blotter review it would have conducted was necessarily inadequate because the firm's blotter failed to capture all UIT transactions. ([FINRA Case #2014038914601](#))

**United Planners' Financial Services of America A Limited Partner (CRD #20804, Scottsdale, Arizona)** submitted an AWC in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish an adequate supervisory system to supervise the use of consolidated reports its registered representatives prepared. The findings stated that the firm permitted approximately 50 representatives to disseminate consolidated reports to approximately 600 customers. The firm's supervisory systems or procedures addressing the use and supervision of consolidated reports were inadequate, as they did not sufficiently address matters of concern specific to consolidated reports, such as the verification of valuation information or other information entered manually by registered representatives, or ensuring that registered representatives retained supporting documentation for such manually entered information. The findings also stated that a review of consolidated reports the firm's representatives issued identified instances in which representatives sent consolidated reports to customers containing inaccuracies, such as manual entries that reflected positions no longer the customer owned, and manual entries that reflected incorrect quantities and prices for other positions. ([FINRA Case #2015043357501](#))

**VFinance Investments, Inc.** ([CRD #44962](#), Boca Raton, Florida) submitted an AWC in which the firm was censured, fined \$30,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities the firm held that were at a price that would have improved the firm's bid or offer in such securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs relating to compliance with FINRA Rule 6460. ([FINRA Case #2015046509401](#))

**William Blair & Company L.L.C.** ([CRD #1252](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to TRACE the correct execution time for customer transactions in TRACE-eligible securitized products. ([FINRA Case #2014042827601](#))

## Firm Sanctioned

**J.J.B. Hilliard, W.L. Lyons, LLC** ([CRD #453](#), Louisville, Kentucky) submitted an AWC in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales-charge waiver. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$812,596 (the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales-charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$716,015 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015048307001](#))

## Individuals Barred or Suspended

**Scott Erik Aabel** ([CRD #1493667](#), Sarasota, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Aabel consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to reflect compromises with credit card companies.

The suspension was in effect from September 19, 2016, through October 28, 2016. ([FINRA Case #2012033732901](#))

**David Brian Altwerger** ([CRD #5524357](#), Bloomfield, Michigan) submitted an AWC 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, Altwerger consented to the sanctions and to the entry of findings that he made electronic fund transfers totaling \$5,000 from his personal bank account to his personal brokerage account knowing that he had insufficient funds to cover those transfers. The findings stated that the improper transfers artificially inflated Altwerger's brokerage account balance, which he used to withdraw funds for personal use. The transfers were eventually rejected due to insufficient funds and created a deficit in his brokerage account. A few weeks later, Altwerger deposited sufficient funds in his brokerage account to clear the deficits his improper transfers had created. After discovering Altwerger's conduct, his member firm terminated his registration.

The suspension is in effect from October 3, 2016, through January 2, 2017. ([FINRA Case #2016048555301](#))

**Ned Lee Bellau** ([CRD #4842550](#), Lexington, Kentucky) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Bellau consented to the sanctions and to the entry of findings that he borrowed funds from a customer totaling \$9,000. The findings stated that at the time of the loan, the policy of Bellau's member firm generally prohibited borrowing funds from a firm customer, absent a written request from the representative and the firm's written approval. In this instance, the firm never gave such an approval. The findings also stated that Bellau submitted written questionnaires to his firm falsely stating that he had not borrowed any funds from a firm customer.

The suspension is in effect from September 19, 2016, through December 18, 2016. ([FINRA Case #2015047770401](#))

**Kevin Joseph Blaney** ([CRD #2087032](#), Manhasset, New York) submitted an AWC in which he was assessed a deferred fine of \$30,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings,

Blaney consented to the sanctions and to the entry of findings that as a managing director and salesman on his member firm's Mortgage-Backed Securities desk, Blaney either made a false statement to a customer, or failed to correct a statement another employee of his firm had made that Blaney knew, or should have known, was false. The findings stated that Blaney misrepresented to firm customers either the price at which the firm acquired, or was able to acquire, bonds that the customers were interested in purchasing, or that the firm was working with a seller of bonds when the firm already owned the bonds in inventory. The findings also stated Blaney did not take any action to correct the misrepresentation a firm trader had made to a customer.

The suspension is in effect from September 6, 2016, through December 5, 2016. ([FINRA Case #2016049962201](#))

Eric K. Blau ([CRD #842045](#), Palm Beach, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Blau consented to the sanctions and to the entry of findings that he mismarked order tickets in customer accounts as unsolicited orders, when in fact the trades were solicited, causing his member firm to maintain inaccurate books and records.

The suspension was in effect from October 3, 2016, through November 2, 2016. ([FINRA Case #2015043417502](#))

Barbara Lynn Bottoms ([CRD #1344956](#), North Pole, Alaska) submitted an AWC in which she was assessed a deferred fine of \$17,500 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Bottoms consented to the sanctions and to the entry of findings that she effected unauthorized transactions in customer accounts. The findings stated that these customers had accounts that were invested in mutual funds based on an existing portfolio model at Bottoms' member firm. Bottoms, without the customers' knowledge or consent, invested cash balances held in the customer accounts in accordance with each of the customer's existing portfolio model. The findings also stated that Bottoms caused the firm to maintain inaccurate books and records by incorrectly designating each of the unauthorized transactions as unsolicited. The findings also included that Bottoms took spreadsheets from the firm that contained non-public customer information and maintained them in an unsecured location at her home, thereby placing the records at risk. FINRA found that Bottoms failed to timely appear for FINRA on-the-record testimony.

The suspension is in effect from September 19, 2016, through September 18, 2018. ([FINRA Case #2015046794502](#))

**Joey Cless Broussard** ([CRD #5653033](#), Princeton, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Broussard engaged in forgery and falsification of a document. The findings stated that Broussard created a false letter, making it look like it was from an elderly customer, to cancel a request for rescission of the purchase of a \$15,000 investment in a limited partnership interest that Broussard offered her, and forged the customer's signature on the letter. The limited partnership interest issuer gave investors a right of rescission if they requested it in writing within 10 days of their purchase. While within the 10 days right of rescission requirement, the customer sent a rescission letter to the issuer canceling her investment in the limited partnership. Upon learning this, Broussard contacted the customer and spoke with her about keeping the investment. Broussard explained to the customer that to do so she had to send a second letter to the issuer canceling her rescission request. The customer never sent such a letter. Instead, Broussard handwrote the letter purportedly from the customer canceling her rescission request and forged her signature. Broussard then faxed the letter to the issuer. Broussard did not have the customer's permission to write the letter or forge her signature. ([FINRA Case #2013035039101](#))

**Peter Frederick Butler** ([CRD #1942182](#), Hinckley, Ohio) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for four months. Without admitting or denying the findings, Butler consented to the sanctions and to the entry of findings that he failed to reasonably supervise a registered representative from his member firm who was employed as a sales associate and office manager. The findings stated that because of his lack of adequate supervision, Butler failed to detect and prevent the office manager from converting money from a business organization belonging to Butler. Although the office manager's conversion initially was directed at the business, he also began converting funds from firm customers who were also his family members and domestic partner by depositing those funds into the business' bank account, from which he continued to make unauthorized withdrawals. The office manager converted more than \$370,000 via wire request from customer brokerage accounts held at the firm. The findings also stated that Butler failed to reasonably supervise the office manager's handling of the customer accounts, even though Butler was the broker of record for those accounts. Butler relied on the office manager to manage the customer relationships and failed to regularly review the customer accounts, leaving him unaware of the office manager's conversion of funds from the accounts for a period of more than three years.

The suspension is in effect from October 3, 2016, through February 2, 2017. ([FINRA Case #2014040269302](#))

**Matthew Joseph Caballero** ([CRD #5552856](#), Hoboken, New Jersey) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Caballero's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Caballero consented to the sanction and to

the entry of findings that he deliberately recorded his member firm's internal proprietary trades at inaccurate prices, thereby causing the firm to have inaccurate books and records. The findings stated that these mismarkings made it appear that Caballero's trades were approximately \$1.3 million more profitable than they actually were. The mismarkings did not have any effect on the execution price of any transactions.

The suspension is in effect from September 19, 2016, through December 18, 2016. ([FINRA Case #2013037403001](#))

**Philip A. Carone Jr.** ([CRD #4161801](#), Staten Island, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Carone consented to the sanctions and to the entry of findings that he willfully failed to timely disclose his bankruptcy filing on his Form U4. The findings stated that Carone submitted annual questionnaires to his member firm in which he failed to disclose that he had filed for bankruptcy.

The suspension is in effect from October 3, 2016, through December 2, 2016. ([FINRA Case #2015046778501](#))

**Jay Kumar Chitnis** ([CRD #2038685](#), Atlanta, Georgia) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Chitnis consented to the sanction and to the entry of findings that he engaged in a scheme to fraudulently obtain funds from his member firm's clearing firm in order to keep his firm afloat and support his own lifestyle. The findings stated that Chitnis, acting with scienter, caused fraudulent transactions to be entered through the firm's clearing firm that resulted in him and his firm wrongfully receiving \$680,917.36 to which they were not entitled. In connection with certain of the transactions, Chitnis reported the purchase and sale of municipal securities which he knew had not been actually effected and which he knew were fictitious and in furtherance of a fraudulent, deceptive or manipulative purpose. As a result of this conduct, Chitnis willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, violated FINRA Rule 2020, and willfully violated MSRB Rules G-14 and G-17. The findings also stated that Chitnis intentionally and wrongfully obtained and exercised ownership over \$680,917.36 of the clearing firm's funds as a result of his fictitious trading scheme. To date, Chitnis has failed to return any of these funds to the clearing firm. The findings also included that Chitnis effected unauthorized trades in customer accounts without communicating about these trades with any of the customers before making the trades. None of the customers authorized any of these trades. As a result of these unauthorized transactions, Chitnis and his firm received payments of at least \$680,917.36 from the clearing firm.

FINRA found that Chitnis' actions caused incorrect trade reporting to TRACE and the MSRB, and reporting of fictitious trades to the clearing firm in order to conceal the trading scheme. Moreover, Chitnis failed to maintain proper corporate bond and municipal bond

order tickets. Chitnis caused his firm to maintain inaccurate books and records by recording transactions that he knew at the time they were made were fictitious, and by failing to maintain proper order tickets. Chitnis also caused the publication and circulation of communications and reports of non-bona fide purchases and sales to the clearing firm. As a result, Chitnis willfully violated MSRB Rules G-8, G-9 and G-14. FINRA also found that Chitnis, as his firm's CEO and CCO, failed to establish reasonable supervisory systems and procedures to prevent and detect unauthorized trading and discretionary trading, to provide for the proper review and approval of daily orders and related trade cancellations, and to address transaction reporting and order ticket requirements. The firm, under Chitnis' direction, did not enforce its WSPs related to unauthorized trading, discretionary accounts, and maintaining order tickets that contained all of the data required under Securities and Exchange Commission (SEC) and MSRB rules. The firm, under Chitnis' direction, did not have any WSPs or supervisory system relating to principal review of trade cancellations. As a result, Chitnis was able to cancel the trades at issue here without any review or approval by another principal. In addition, the firm, under Chitnis' direction, failed to maintain a daily trade blotter signed or approved by a designated principal, in violation of its WSPs, and failed to have a municipal principal who was conducting any meaningful review of municipal transactions. As a result, Chitnis willfully violated MSRB Rule G-27. ([FINRA Case #2015047037401](#))

Gerald Francis Cipolla ([CRD #1669496](#), Flushing, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Cipolla consented to the sanction and to the entry of findings that he failed to produce certain documents and information FINRA had requested related to an investigation regarding potential conversion related to Cipolla's purchase of shares of stock in an initial public offering using funds from his co-workers, complaints by customers regarding unsuitable investment recommendations, and Cipolla's potential failure to disclose certain financial events to his member firm and on his Form U4. ([FINRA Case #2015046712301](#))

James Gabriel Collard ([CRD #2812378](#), Boerne, Texas) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 10 business days, and ordered to pay \$28,004.27, plus interest, in restitution to customers. Without admitting or denying the allegations, Collard consented to the sanctions and to the entry of findings that he charged excessive markups in corporate bond transactions with customers. The findings stated that Collard sold corporate bonds to customers at prices that were not fair, taking into consideration all relevant circumstances, including market conditions with respect to such securities at the time of the transactions, the expenses involved, that the firm was entitled to a profit, and other relevant factors.

The suspension was in effect from October 3, 2016, through October 14, 2016. ([FINRA Case #2012034242501](#))

**David Henry Crippen (CRD #2613864, Morrisville, North Carolina)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Crippen consented to the sanctions and to the entry of findings that he willfully failed to disclose a felony charge to his member firm or on his Form U4.

The suspension was in effect from September 19, 2016, through October 28, 2016. ([FINRA Case #2016050160001](#))

**Mauneel Desai (CRD #6158801, Aliso Viejo, California)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Desai consented to the sanctions and to the entry of findings that he submitted new account documentation for business accounts without first obtaining the agreement of the businesses' owners or officers to open the accounts. The findings stated that in addition to entering the names of these potential new customers as customers in his member firm's account management system, Desai entered random numbers as the tax identification numbers, which were not known to him, and he entered conjectured risk profiles, financial profiles, and investment experience information that he had not obtained from the potential customers. The accounts were never funded and were deleted from his firm's open accounts. The purported new accounts he opened allowed him to meet his performance goals for a certain period. The findings also stated that as a result of his conduct, Desai caused his firm's books and records to be inaccurate.

The suspension is in effect from September 19, 2016, through December 18, 2016. ([FINRA Case #2016048817501](#))

**Douglas Keith Ellman (CRD #1673088, Lake Worth, Florida)** submitted an AWC 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, Ellman consented to the sanctions and to the entry of findings that he mismarked order tickets in his customers' accounts as unsolicited orders, when in fact, the trades were solicited, causing his member firm to maintain inaccurate book and records.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015043417506](#))

**Peter Alden Engelbach (CRD #201177, Washington Crossing, Pennsylvania)** submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Engelbach consented to the sanctions and to the entry of findings that he failed to enforce his member firm's WSPs regarding the review and retention of electronic communications. The findings stated that the firm's WSPs required registered representatives to forward all business-related communications to the firm for review and

retention. The WSPs required that Engelbach check representatives' emails for compliance with this requirement during visits to representatives' offices, and further required that he document his review of representatives' emails and the outcome of each such review. However, Engelbach failed to conduct any analysis to confirm that representatives were forwarding their business-related communications to the firm, and he did not document his review of representatives' emails, as the firm's procedures required.

The suspension was in effect from October 17, 2016, through October 28, 2016. ([FINRA Case #2014038910201](#))

**Clay Gavin Erickson** ([CRD #1583644](#), Ogden, Utah) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 10 months. Without admitting or denying the findings, Erickson consented to the sanctions and to the entry of findings that while registered with different FINRA member firms over almost 20 years, he willfully failed to disclose or failed to timely disclose judgments and liens totaling almost \$319,000—including civil judgments, federal tax liens, state tax liens and state child support judgments—on his Form U4.

The suspension is in effect from October 17, 2016, through August 16, 2017. ([FINRA Case #2015046883301](#))

**Robert Estevez** ([CRD #3161419](#), Greenwich, Connecticut) submitted an AWC in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Estevez consented to the sanctions and to the entry of findings that he recommended unsuitable short-term steepener transactions to his customers. The findings stated that Estevez recommended the steepeners—complex, structured products with returns linked to the spread between longer and shorter-term interest rates—as part of an active, short-term trading strategy. In fact, Estevez recommended that some of his customers hold the steepeners for as little as two months. As a result of the illiquid secondary market for steepeners, Estevez's recommendations often resulted in customers buying steepeners at full price and selling them at a loss. This short-term trading strategy was unsuitable, and resulted in an aggregate of approximately \$24,000 in customer losses.

The suspension is in effect from October 17, 2016, through December 16, 2016. ([FINRA Case #2014040158902](#))

**Daren Marc Faller** ([CRD #3150253](#), Manalapan, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Faller consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to reflect civil judgments and a bankruptcy petition.

The suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2015047261001](#))

**Michael James Finch** ([CRD #6083312](#), Gig Harbor, Washington) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Finch consented to the sanctions and to the entry of findings that when he was a candidate for the Series 7 exam, he offered \$2,000 to an exam proctor for her assistance to help him pass the exam. The findings stated that the exam proctor refused Finch's offer, and he returned to his testing station and passed the exam without assistance.

The suspension is in effect from September 19, 2016, through September 18, 2018. ([FINRA Case #2014040012201](#))

**Robert Christian Franz III** ([CRD #2168221](#), Coral Gables, Florida) submitted an AWC in which he was assessed a deferred fine of \$100,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Franz consented to the sanctions and to the entry of findings that he caused his member firm to violate the SEC's net capital requirements. The findings stated that Franz was one of three executives at his firm responsible for the net capital requirements of the trading activity of the executives and their employees. The firm did not maintain a sufficient capital cushion to permit the employees to purchase high-risk internote bonds and the concomitant applicable haircut the bonds required. In purchasing the bonds, the employees established an overnight position in the bonds that caused the firm to violate SEC Rule 15c3-1.

The findings also stated that Franz and the other executives agreed to move these bonds in three equal allotments into their personal accounts to avoid any further net capital deficiency by the firm. Franz moved the bonds into three personal accounts of the executives, including his own personal account, and these trades were executed at prices that were non-bona fide prices and with an arrangement to sell the bonds back to the firm to address the firm's net capital deficiency, and to prevent additional net capital deficiencies. The findings also included that the executives agreed to hold the securities at no risk to them for a period of time before re-selling the securities back to the firm and, ultimately, to the firm's customers. Subsequently, Franz sold the bonds from his personal account for or with customers and charged an additional markup in so doing.

The suspension is in effect from September 19, 2016, through September 18, 2017. ([FINRA Case #2010022603003](#))

**Brett Ian Friedberg** ([CRD #5012184](#), New York, New York) was barred from association with any FINRA member in any capacity, ordered to pay \$600,000, plus interest, in restitution to a customer, and required to pay \$36,250, plus interest, in disgorgement of commissions. The Office of Hearing Officers (OHO) decision was appealed to the National Adjudicatory Council (NAC) but was later withdrawn. As a result, the OHO decision constitutes the final disciplinary action in this matter.

The sanctions are based on findings that Friedberg recommended and sold notes in a private placement offering to customers, promising that they would earn a one-year 100 percent rate of return, without a reasonable basis to conclude that the notes were suitable for any investor. The findings stated that Friedberg did not satisfy his reasonable-basis suitability obligation before recommending the investment to his customers. Friedberg relied solely on statements his member firm had made to him and on the information contained in the offering documents, which did not constitute a reasonable investigation. Friedberg had an independent duty to investigate the security. Friedberg could not simply rely on what he was told by his superiors at the firm, even though he trusted them, understood that the firm was fully vetting the offering, and he was inexperienced in the sale of private placements. The offering documents were insufficient as they lacked key information necessary for Friedberg to appreciate the investment's risks. As a result, Friedberg did not have a sufficient understanding of the investment to determine if it was suitable for any customer. The findings also stated that Friedberg's negligent misrepresentations contravened Section 17(a)(2) of the Securities Act of 1933 (Securities Act). Friedberg committed these violations with respect to the customers in connection with the suitability violations.

FINRA failed to prove by a preponderance of the evidence that Friedberg violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, or FINRA Rules 2010 and 2020, and therefore those charges are dismissed. Specifically, Friedberg made grossly negligent, but not reckless, misrepresentations. FINRA failed to show that Friedberg made the material misrepresentations with scienter. Because FINRA failed to prove that Friedberg acted with scienter—an essential element of the fraud charges—the federal and FINRA scienter-based fraud charges were dismissed. Because the FINRA Rule 2010 charge was based on these unproven fraud charges, it was also dismissed. ([FINRA Case #2010024522103](#))

**Richard Reid Frith II** ([CRD #5153336](#), New Brighton, Minnesota) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Frith consented to the sanctions and to the entry of findings that he corresponded with customers about variable universal life insurance (VULI) policies, comparing the policies to buying term life insurance and investing the difference in a taxable brokerage account, and also sent reprints of articles about VULI policies to some of the customers. The findings stated that none of Frith's member firm's principals had approved the reprints. Frith's comparisons did not contain all of the required disclosures and illustrations, and his correspondence and reprints contained certain inaccurate or incomplete statements that he failed to clarify or qualify. Further, several of Frith's communications with his customers were inaccurate, incomplete or promissory.

The suspension was in effect from October 17, 2016, through November 4, 2016. ([FINRA Case #2014041411001](#))

**Ronald Leslie Geffner (CRD #840191, Oceanside, New York)** was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The sanctions were based on findings that Geffner willfully failed to amend his Form U4 to timely report tax liens and a bankruptcy. The findings stated that Geffner made false attestations to his member firm on annual compliance certification questionnaires in which he represented that he had not incurred any unsatisfied judgments or liens against him since completing his prior certification.

The suspension is in effect from October 3, 2016, through January 2, 2017. ([FINRA Case #2013039639101](#))

**Christopher Lee Goslin (CRD #1720162, Tampa, Florida)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Goslin consented to the sanctions and to the entry of findings that he failed to provide prior written notice to, and receive approval from his member firm, of an outside business activity from which he had a reasonable expectation of compensation. The findings stated that the outside business activity was a limited liability corporation that had been formed for tax- and asset-protection purposes. At the time of its formation, Goslin, who was not an owner or officer, reasonably expected to be compensated in the form of distributions from the corporation, and, in fact, he received monetary distributions from the outside business. The firm's WSPs required registered representatives to provide prior written notice to the firm and to receive approval from the firm for all outside business activities.

The suspension was in effect from October 3, 2016, through November 2, 2016. ([FINRA Case #2014040343701](#))

**Richard Dale Graham (CRD #2955860, Lebanon, Indiana)** submitted an AWC in which he was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in any capacity for two months, and ordered to pay deferred disgorgement of \$3,541.04, plus interest. Without admitting or denying the findings, Graham consented to the sanctions and to the entry of findings that he made unsuitable recommendations regarding the purchase of UITs to customers of his member firm. The findings stated that Graham did not have a reasonable basis to believe that his UIT recommendations were suitable for the customers based on the customers' investment profiles.

The suspension is in effect from September 19, 2016, through November 18, 2016. ([FINRA Case #2015046281401](#))

**Samuel David Gurvitch (CRD #4408653, Scarsdale, New York)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Gurvitch consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$195,000 without providing proper notice to his member firm. The findings stated that Gurvitch borrowed \$215,000 from family members who were also firm customers without providing prior written notice to the firm. The findings also stated

Gurvitch inaccurately completed firm annual compliance certifications regarding his participation in private securities transactions and borrowing from firm customers.

The suspension is in effect from October 3, 2016, through March 2, 2017. ([FINRA Case #2015044207501](#))

**Chad Alan Hollan** ([CRD #5725805](#), **Katy, Texas**) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Hollan consented to the sanctions and to the entry of findings that he mismarked order tickets in customers' accounts as unsolicited orders, when in fact, the trades were solicited, causing his member firm to maintain inaccurate books and records.

The suspension is in effect from October 3, 2016, through December 2, 2016. ([FINRA Case #2015043417505](#))

**Michael Brett Inderlied** ([CRD #2131074](#), **Little Elm, Texas**) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Inderlied consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony pertaining to allegations of his unsuitable recommendations. ([FINRA Case #2014040276902](#))

**Betty Lai Johnson** ([CRD #4710847](#), **Frisco, Texas**) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that she contacted a FINRA member firm by telephone and impersonated a customer in order to effect a transfer from the customer's 401(k) account, unbeknownst to the customer. The findings stated that Johnson met with the customer when she recommended that the customer liquidate her 401(k) account with the firm and use the proceeds to purchase a variable annuity through Johnson. After the meeting, the customer changed her mind and decided that she no longer wanted to purchase the variable annuity or liquidate her 401(k) account. The firm contacted the customer after it received her paperwork to facilitate the liquidation of her account. During the call, the customer informed the firm that she did not approve of liquidating her account. A few days later, Johnson, while purporting to be the customer, gave verbal authorization to the firm to liquidate the funds in the 401(k) account and use them to fund the purchase of the variable annuity. The customer did not authorize Johnson to impersonate her on the telephone. As a result of this unauthorized phone call, the firm permitted the 401(k) account to be liquidated. The customer did not learn of Johnson's call to the firm until she received a notice informing her that the transaction had been processed, and she contacted the firm to inquire why. After the customer contacted the firm, the transaction was reversed.

The suspension is in effect from September 19, 2016, through March 18, 2017. ([FINRA Case #2014042426401](#))

**Cheryl Sue Kerber (CRD #4854741, Oceanside, California)** submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Kerber consented to the sanctions and to the entry of findings that she made false statements to her member firm on a compliance questionnaire and a disclosure form concerning a loan she provided to a registered representative also associated with the firm.

The suspension is in effect from September 19, 2016, through November 18, 2016. ([FINRA Case #2015045351801](#))

**Timothy John Knutson (CRD #5682317, New Lisbon, Wisconsin)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Knutson consented to the sanctions and to the entry of findings that he placed trades in customer accounts without obtaining the customers' approval, although he knew that his member firm prohibited discretionary trading in those accounts. The findings stated that when the firm investigated those trades, Knutson repeatedly made false statements that he contacted the customers before placing the trades.

The suspension is in effect from October 3, 2016, through March 2, 2017. ([FINRA Case #2015046406501](#))

**James Paul Kolf (CRD #1015682, Sauk City, Wisconsin)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kolf consented to the sanction and to the entry of findings that he made material misrepresentations and omissions in the sale of at least \$588,000 in purported securities to customers of his member firm. The findings stated that the securities, however, were not genuine and Kolf converted the customers' funds to pay for his own business and personal expenses. In furtherance of the fraud, Kolf also created and distributed falsified account statements to his customers reflecting their interests in the fake investments. As a result, Kolf willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020, and 2150. ([FINRA Case #2016050940701](#))

**Howard Brian Landers (CRD #1233612, Miami, Florida)** submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for three months. In light of Landers' financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Landers consented to the sanction and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose unsatisfied Internal Revenue Service (IRS) tax liens totaling \$375,704.34 that were filed against him.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2013035298602](#))

**Robert Olin Lee** ([CRD #1451516](#), Brandon, Mississippi) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for eight months. Without admitting or denying the findings, Lee consented to the sanctions and to the entry of findings that during his association with two member firms, he willfully failed to timely amend his Form U4 to disclose 13 state and federal tax liens totaling more than \$45,000. The findings stated that Lee submitted compliance attestations to one of the firms in which he inaccurately certified that he did not have tax liens.

The suspension is in effect from October 3, 2016, through June 2, 2017. ([FINRA Case #2015047262701](#))

**Lucas Dylan Lichtman** ([CRD #5542092](#), Nanuet, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the allegations, Lichtman consented to the sanctions and to the entry of findings that he made unsuitable recommendations of an active trading investment strategy to his customer. The findings stated that Lichtman recommended that his customer engage in the unsuitable active trading investment strategy, despite the fact that he failed to understand the risks of the investment strategy being recommended, or the impact the staggering commissions and fees generated by this active trading investment strategy would have on his customer's account. Lichtman did not have any reasonable basis to recommend such a strategy to his customer. As a result of the recommendations Lichtman and other representatives of his member firm made, 15 customer accounts paid over \$1 million in commissions and fees.

Additionally, Lichtman did not know how to calculate or even understand cost-to-equity ratios and turnover rates, which are standard industry metrics used to measure whether an account is being excessively traded. Lichtman did not understand the impact of trading and costs on his customer's account and on the specific transactions recommended as part of an investment strategy. Lichtman did not conduct any due diligence into the active trading investment strategy he was recommending, and he never reviewed his customer's account, either individually or collectively, to determine if the active trading investment strategy was successful or suitable for his customer. Lichtman failed to perform any analysis of the active trading investment strategy's costs, risks, potential benefits, volatility, or likely performance in a variety of market and economic conditions. The active trading investment strategy Lichtman recommended was not in the customer's best interest.

The suspension is in effect from October 3, 2016, through July 2, 2017. ([FINRA Case #2014039091903](#))

**Michael Scott Lincoln** ([CRD #1803278](#), Santaluz, California) submitted an AWC in which he was fined \$15,000, suspended from association with FINRA member in any capacity for four months, and suspended from association with any FINRA member in any principal capacity for six months. The suspensions are to be served concurrently. Without admitting

or denying the findings, Lincoln consented to the sanctions and to the entry of findings that he failed to reasonably supervise a registered representative who engaged in an outside business activity that was not disclosed to, or approved by, his member firm, and who obtained unauthorized customer loans to fund the undisclosed outside business activity. The findings stated that despite being aware that the representative was engaged in an outside business activity that had not been disclosed to the firm, Lincoln, in his capacity as the representative's supervisor, did not take any steps to investigate, prevent and/or report the representative's misconduct to the firm. Lincoln made false statements, false disclosures and submitted false compliance questionnaires to the firm concerning the representative under his supervision and concerning a loan that Lincoln provided to the registered representative that was related to a rental property that the representative was operating as a business. At the time Lincoln made these false statements to the firm, he had concerns about the representative's compliance with firm policies and applicable FINRA rules because he knew that the representative was engaged in an outside business activity that had not been disclosed to the firm, and that the representative had obtained unauthorized loans from firm customers.

The suspension in any capacity is in effect from October 17, 2016, through February 16, 2017. The suspension in any principal capacity is in effect from October 17, 2016, through April 16, 2017. ([FINRA Case #2015045352901](#))

**Ka Kiertonkaysy Lor** ([CRD #4761591](#), Sacramento, 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, Lor consented to the sanction and to the entry of findings that she converted certain insurance customer funds and used them to pay for her office rent, staff salaries and office expenses, rather than making the customers' insurance premium payments. The findings stated that Lor subsequently converted additional insurance customers' funds, totaling more than \$4,700. Those customers intended the funds for their insurance premium payments. However, Lor used the funds to make insurance premium payments for other customers whose monies she had previously converted. The findings also stated that Lor failed to provide documents and information, and failed to appear for and provide FINRA-requested testimony. ([FINRA Case #2014041073501](#))

**Robert McLean Lyons** ([CRD #843645](#), Augusta, Georgia) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Lyons consented to the sanctions and to the entry of findings that he recommended and executed sets of unsuitable mutual fund switches in customer accounts, switching customer assets from shares in one fund family to shares in a different fund family. The findings stated that Lyons utilized mutual fund A shares and T shares for these switches. Lyons' recommendations that his customers purchase Class A and Class T shares were only advantageous if the customers held the positions on a long-term basis. Because of their fee structure, Class A and Class T mutual fund shares are generally preferable to Class B

or C shares, typically when held for several years or longer. The three customers at issue ranged in age from 53 to 72, and they all had investment objectives of growth and income. The Class A and Class T mutual funds shares in the sets of transactions at issue were held by Lyons' customers for periods of less than 12 months, and all of the customers incurred additional commission charges for the switch transactions. Lyons did not have a reasonable basis to believe that his recommendations to liquidate Class A and Class T shares to purchase the same share classes in different fund families were suitable for the customers at issue because the Class A and Class T shares were held for less than one year and Lyons' customers paid unnecessary fees as a result of the switches.

The suspension was in effect from September 6, 2016, through September 26, 2016. ([FINRA Case #2014040668202](#))

**Nathan A. Majors Jr.** ([CRD #4009266](#), Riverdale, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Majors consented to the sanctions and to the entry of findings that he sold equity indexed annuities (EIAs) valued at approximately \$2 million that were not offered through his member firm, without providing the firm with written notice that he was engaging in the outside business activity at any time, including in response to firm annual compliance certifications. The findings stated that several of the individuals who purchased EIAs from Majors were customers of the firm. Majors received compensation for these sales of at least \$130,000 in the form of commissions.

The suspension is in effect from October 3, 2016, through February 2, 2017. ([FINRA Case #2015044545001](#))

**Feisal Ahmed Khan Malik** ([CRD #2115832](#), Lansdale, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Malik consented to the sanctions and to the entry of findings that he sold unapproved EIAs, valued at approximately \$1.3 million, through an entity that was not affiliated with the firm. The findings stated that Malik was compensated for the sales of these EIAs, but did not disclose the EIA sales or his compensation to his firm. The firm's procedures prohibited the sale of EIAs that it had not approved.

The suspension is in effect from October 3, 2016, through January 2, 2017. ([FINRA Case #2016048783301](#))

**Michael Shane Maxson** ([CRD #6158498](#), Coraopolis, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Maxson consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony concerning the circumstances surrounding his discharge from his former member firm. ([FINRA Case #2015047705301](#))

**Jerry DeWayne McCutchen Sr.** ([CRD #1076678](#), Theodore, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McCutchen consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations by certain customers that he made unsuitable recommendations to them with regard to the purchase of certain alternative investments. ([FINRA Case #2015048347401](#))

**Jeremy Travis Monte** ([CRD #4601512](#), Austin, Texas) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Monte consented to the sanctions and to the entry of findings that he failed to provide prior written notice to his member firm before participating in outside business activities. The findings stated that Monte additionally participated in a series of private securities transactions relating to one of his outside business activities without providing prior written notice to his firm. In addition, Monte falsely denied having engaged in private securities transactions in firm annual compliance questionnaires.

The suspension is in effect from September 6, 2016, through April 5, 2017. ([FINRA Case #2015046958301](#))

**John Philip Mosley** ([CRD #817095](#), Westbrook, Maine) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mosley consented to the sanction and to the entry of findings that in his role as treasurer of an association for an outside business activity that he previously had disclosed to his member firm, but without the association's authorization, Mosley converted approximately \$51,000 of its funds for his personal expenses. ([FINRA Case #2016051400601](#))

**Steven Mark Newman** ([CRD #4733820](#), Houston, Texas) submitted an Offer of Settlement in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the allegations, Newman consented to the sanctions and to the entry of findings that he willfully failed to disclose on his Form U4 that he was named as a defendant in a pending, investment-related civil litigation in which a former customer alleged that he engaged in fraud, theft and conversion in connection with soliciting investments in outside business activities. The findings stated that Newman failed to provide any notice, in writing or otherwise, to his member firm that he engaged in outside business activities that were also the subject of the undisclosed litigation.

The suspension is in effect from September 19, 2016, through February 18, 2017. ([FINRA Case #2014040883401](#))

**Philip Jay Patlis** ([CRD #1256755](#), Boca Raton, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Patlis consented to the sanctions and to the entry of findings that he mismarked order tickets in customers' accounts as unsolicited orders, when in fact the trades were solicited, which caused his member firm to maintain inaccurate books and records.

The suspension was in effect from October 3, 2016, through November 2, 2016. ([FINRA Case #2015043417504](#))

**Timothy Neil Payne** ([CRD #2688766](#), Oklahoma City, Oklahoma) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Payne consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony pertaining to allegations that Payne had made unsuitable recommendations. ([FINRA Case #2014040289802](#))

**Frank G. Pendl IV** ([CRD #5792901](#), Rocky Point, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pendl consented to the sanction and to the entry of findings that he made written misrepresentations to customers of his member firm in the form of an email from his personal account and attached fabricated spreadsheet that misstated the value and status of their accounts at the firm. The findings stated that the spreadsheet was created when the customers requested account balance information, and after Pendl realized that he did not process certain new account forms and asset transfer documents, which resulted in some of the customers' accounts never being opened at the firm. Pendl used a personal email—which the firm had not approved for business use—to communicate with the customers about their accounts. At all relevant times, the firm's written policies and procedures prohibited registered representatives from discussing business-related matters with clients through their personal email account, and required such communications to be sent through firm email. Pendl's use of his personal email account to communicate with the customers prevented the firm from effectively supervising his communications with the public, and from complying with its obligations to preserve such communications. Likewise, the firm had not reviewed or approved Pendl's email to the customers and the attached spreadsheet containing fictitious account values. The findings also stated Pendl made false statements to FINRA in response to a written request for documents and information. Pendl falsely represented to FINRA that he did not know that the customer accounts had not been opened until he personally conducted an audit of the accounts when, in fact, he knew some of the accounts were never opened and the assets never transferred to the firm due to his error because of the customer's prior inquiries. ([FINRA Case #2015044805301](#))

**Raymond Thomas Price** ([CRD #1108569](#), White Plains, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Price consented to the sanctions and to the entry of findings that he made misrepresentations to his member firm about a \$10,000 check that he had received from a third party, a prospective customer of the firm. The findings stated that Price told the firm that he delivered the proceeds of the check to a charitable organization when, in fact, he cashed the check for his own benefit. When the firm interviewed Price again, Price initially persisted in his false claim that he donated the \$10,000 to the charitable organization on the third party's behalf. Later during the interview, Price admitted that he had cashed the check for his own benefit. The findings also stated that Price willfully failed to amend his Form U4 to disclose eight tax liens filed against him.

The suspension is in effect from September 19, 2016, through June 18, 2017. ([FINRA Case #2015045408601](#))

**Hector Ramos** ([CRD #4172477](#), Brooklyn, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 20 business days. In light of Ramos' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ramos consented to the sanction and to the entry of findings that he lent \$10,000 to a customer of his member firm without requesting or receiving the firm's permission to lend the money. The findings stated that firm policy prohibited Ramos from lending the money.

The suspension was in effect from October 3, 2016, through October 28, 2016. ([FINRA Case #2014041737601](#))

**William Eric Rice** ([CRD #2255148](#), Arkansas City, Kansas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Rice willfully failed to amend his Form U4 to disclose material information related to a felony charge and a felony conviction. The findings stated that Rice falsely represented on member firm questionnaires and attestations that he had not been charged and pled guilty to a felony when, in fact, he had. ([FINRA Case #2015043295202](#))

**Russell Leo Sadler** ([CRD #2600742](#), Manomet, Massachusetts) submitted an AWC in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Sadler consented to the sanctions and to the entry of findings that he engaged in private securities transactions without providing prior written notice to his member firm or receiving its written approval. The findings stated that Sadler invested at least \$200,000 in the securities of a company that had proposed to build a movie studio in Plymouth, Massachusetts. Sadler participated in several of his customers' investments in the company's securities. Sadler collected and gave approximately \$249,000 of investors' money to the company. Ultimately, the company failed and investors lost their entire principal. The findings also stated that Sadler

engaged in outside business activities without providing prior written notice to his firm. Sadler formed two Massachusetts companies for which he was the sole officer or managing member of the companies.

The suspension is in effect from October 3, 2016, through October 2, 2017. ([FINRA Case #2014039725301](#))

**Mark Ira Scheinbaum** ([CRD #1136016](#), Coral Gables, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 days. Without admitting or denying the findings, Scheinbaum consented to the sanctions and to the entry of findings that he mismarked order tickets in customers' accounts as unsolicited orders, when the trades were, in fact, solicited, causing his member firm to maintain inaccurate books and records.

The suspension was in effect from October 3, 2016, through October 17, 2016. ([FINRA Case #2015043417503](#))

**Jeffrey Hunter Smith** ([CRD #4505078](#), Ordinary, Virginia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the sanction and to the entry of findings that he borrowed a total of \$300,000 from member firm customers to whom he was not related and without receiving the firm's prior written approval to enter into the loans. The findings stated that Smith never disclosed the loans to his firm; and in each of the firm's annual sales questionnaires that he completed, he falsely attested that he had not borrowed money from firm clients. The findings also stated that Smith failed to timely amend his Form U4 to disclose a compromise with a creditor. The findings also included Smith failed to cooperate fully with FINRA requests for information and documents during an investigation. ([FINRA Case #2015044363701](#))

**Paul E. Smyth** ([CRD #4881052](#), Stamford, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smyth consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony relating to an investigation into an amended Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that his former member firm was conducting an internal review of a customer complaint alleging that cash premium payments given to Smyth for the customer's whole life insurance policies could not be found, and that the customer's signature on documents related to those policies was forged. ([FINRA Case #201604995001](#))

**Kimberly Springsteen-Abbott** ([CRD #1367633](#), Holiday, Florida) was barred from association with any FINRA member in any capacity, and ordered to disgorge \$208,953.75 plus prejudgment interest, to FINRA. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that as the general partner of investment funds sold by her member firm and sponsored by its parent company,

Springsteen-Abbott misused investor funds for three years by improperly allocating \$208,953.75 in credit card charges to the investment funds to which the funds' paid for personal travel, family meals, toys, home décor and other expenses that were not related to the funds' business.

This matter has been appealed to the SEC and the sanctions, except for the bar, are not in effect pending review. ([FINRA Case #2011025675501](#))

**Richard Dennis Storfer (CRD #1568478, Boca Raton, Florida)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Storfer consented to the sanctions and to the entry of findings that he mismarked order tickets in customers' accounts as unsolicited orders, when in fact, the trades were solicited, which caused his member firm to maintain inaccurate books and records.

The suspension is in effect from October 3, 2016, through December 2, 2016. ([FINRA Case #2015043417507](#))

**Douglas Wayne Studer (CRD #4440047, Fort Lauderdale, Florida)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Studer consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in relation to an investigation into whether he had violated his former member firm's policy by being named in an elderly customer's estate documents to inherit the customer's waterfront condominium. ([FINRA Case #2015047609101](#))

**Gregory Alan Townes (CRD #2601302, Clermont, Florida)** submitted an AWC in which he was assessed a deferred fine of \$22,500 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Townes consented to the sanctions and to the entry of findings that he borrowed funds from a customer without disclosing the loans to his then-member firm or receive the firm's approval, and the loans did not meet any of the exceptions found in NASD Rule 2370. The findings stated that the loans were not repaid, and the customer ultimately sought and obtained an arbitration award against Townes for failure to repay the loans. While at the firm, Townes completed multiple activity questionnaires certifying to the firm that his activities were in compliance with the firm's policies and procedures. After accepting these loans, Townes continued to certify on activity questionnaires that his activities were in compliance with the firm's policies and procedures. The firm's WSPs prohibited lending arrangements between associated persons and customers under any circumstances. The findings also stated that Townes, while associated with another member firm, used an email address that was not disclosed to his firm to send securities-related email communications to the customer, who was still his customer at the time. The emails discussed her prior loans to him and her current investments. Townes did so without the firm's knowledge and in contravention of the firm's policies, which prohibited the use of personal email to communicate with securities customers. Townes completed an annual

questionnaire in 2014 and certified that he was not using any personal email addresses to communicate with securities customers. As a result, Townes caused his firm to maintain inaccurate books and records. The findings also included that Townes willfully failed to timely amend his Form U4 to disclose IRS tax liens.

The suspension is in effect from September 19, 2016, through September 18, 2017. ([FINRA Case #2015044038101](#))

Douglas Allen Troszak ([CRD #2219763](#), Birmingham, Michigan) was barred from association with any FINRA member in any capacity. The U.S. Court of Appeals for the Sixth Circuit denied Troszak's petition for review and sustained the sanctions following appeal of an SEC decision. The sanction was based on findings that Troszak failed to respond completely to FINRA requests for information and documents. The findings stated that Troszak failed to timely amend his Form U4 with material information about a federal tax lien that was filed against him. ([FINRA Case #2010021303301](#))

Bette Gail Tydings ([CRD #844203](#), Lake Forest, California) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for four months. In light of Tydings' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Tydings consented to the sanction and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose her filing of a Chapter 7 bankruptcy petition and a federal tax lien filed against her.

The suspension is in effect from October 17, 2016, through February 16, 2017. ([FINRA Case #2015048104201](#))

Alejandra Valenzuela ([CRD #4304813](#), Chino Hills, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Valenzuela consented to the sanction and to the entry of findings that she converted approximately \$3,725 from her member firm by submitting unwarranted reversals of fees in her personal firm account. The findings stated that although the firm permitted fee reversals for certain fees, Valenzuela improperly credited her account multiple times for the same service fee. Valenzuela did so by repeatedly entering fee reversal requests into an automated firm system, even though the original fee had already been reversed and she already had received a credit into her account. ([FINRA Case #2014041296501](#))

Herbert Neil Weinstein ([CRD #1420618](#), Rydal, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Weinstein consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in relation to a Form U5 filed by his former member firm disclosing that his employment was terminated because the firm was "uncomfortable supervising" him after a judgment of \$3,129,477.24 was entered, against Weinstein personally and the certified public accounting firm for which he served as a partner, in a civil lawsuit. ([FINRA Case #2016050358801](#))

Tye Calvin Williams ([CRD #1271046](#), Frisco, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Williams consented to the sanction and to the entry of findings that he failed to produce documents and information after FINRA had repeatedly requested him to do so in relation to an investigation regarding a customer complaint alleging that Williams converted more than \$1,000,000 from customers' accounts, made unsuitable investment recommendations, and engaged in unauthorized transactions and mismanaged assets. ([FINRA Case #2015047059702](#))

### 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.

David Allen Aarvig ([CRD #2639190](#), Byron, Illinois) was named a respondent in a FINRA complaint alleging that he willfully failed to timely and accurately disclose on his Form U4 that he had been charged with three felonies in three different states. The complaint alleges that Aarvig misled his member firm by completing compliance questionnaires in which he failed to disclose his criminal arrests and charges. ([FINRA Case #2014042544201](#))

Rafael Barela Jacinto ([CRD #3115326](#), Astoria, New York) and John Batista Bocchino ([CRD #2876260](#), Stamford, Connecticut) were named respondents in a FINRA complaint alleging that they carried out a scheme to evade, circumvent, and thwart their member firm's policies and procedures regarding Venezuelan bond trading. The complaint alleges that to effect this scheme, Barela Jacinto and Bocchino set up nominee accounts using the names of well-known U.S. financial institutions, hid the identities of customers selling Venezuelan bonds in violation of the firm's policies, entered false information into the firm's order entry system, provided false information to the firm's settlement desk, and falsified documents. As a result of Barela Jacinto and Bocchino's misconduct, they were able to create the false appearance of compliance with the firm's Venezuelan bond trading restrictions and trade approximately \$190 million worth of Venezuelan bonds in violation of the firm's policies and without the appropriate scrutiny of their supervisors and the firm's AML and compliance departments.

The complaint also alleges that Barela Jacinto and Bocchino set up the fictitious nominee accounts, without the consent of the named financial institutions, to effect the bond transactions. The financial institutions whose names were associated with the nominee accounts did not authorize any of the activity in their accounts, including the Venezuelan bond transactions. The complaint further alleges that Barela Jacinto and Bocchino falsified,

or caused to be falsified, certain categories of documents, which constituted records of the firm, including but not limited to new account documentation, trade tickets, order confirmations, customer account statements, firm blotters and firm reports. ([FINRA Case #2012032019101](#))

**Johnny Earl Burris** ([CRD #2850953](#), Surprise, Arizona) was named a respondent in a FINRA complaint alleging that he failed to execute a trade for his customers according to their instructions. The complaint alleges that the customers instructed Burris to liquidate one of their securities holdings, which were shares in a mutual fund, in order to fund a tax payment to the IRS, and his failure to do so caused the customers' payment to the IRS to be rejected for insufficient funds. The complaint also alleges that after the customers complained to Burris about their failed tax payment, he took multiple steps to resolve the customers' complaint himself without informing his member firm. Burris verbally informed the customers that he would "take care of" their issue, which included executing a new trade, having a cashier's check drafted and sent to the IRS to satisfy the customer's remaining tax liability, sending the customers a follow-up letter apologizing for his error and assuring them he would remedy any fees or penalties that may have resulted from his error, and sending the IRS a letter requesting that the IRS forgive the customers' fees and penalties.

The complaint further alleges that in connection with his attempt to settle the customers' complaint away from the firm, Burris created and sent unapproved and misleading correspondence to the customers and to the IRS that did not follow the firm's Code of Conduct and applicable written procedures. Burris did not, at any time, submit either letter to anyone at his firm. As a result, he did not obtain supervisory review or approval to send either letter to its intended recipient. Further, by using what appeared to be firm letterhead, Burris made it seem that the firm had authorized the letters and their contents, when it had not authorized them. ([FINRA Case #2015044921601](#))

**Alejandro Falla** ([CRD #5064828](#), Miami, Florida) was named a respondent in a FINRA complaint alleging that as CEO and head trader of his member firm, he charged firm customers undisclosed markups and markdowns in fixed income transactions. The complaint alleges that prior to the transactions, the firm had agreed with an investment advisor acting for the firm's Florida customers, that the markups and markdowns on the transactions would be no more than 15 basis points. Falla did not honor that agreement. Instead, he entered into a series of secret, pre-arranged transactions with another broker-dealer to create the false appearance that Falla and the firm were honoring the 15-basis-points agreement. In effecting the customer transactions, Falla made misleading representations concerning them, and failed to disclose to the investment advisor or the customers the true acquisition costs and sale proceeds of the bonds he had purchased from and/or sold to the customers, failed to disclose his pre-arranged trades with the broker-dealer, and failed to disclose that he had charged markups/markdowns that exceeded 15 basis points on each transaction. Consequently, Falla misled the investment advisor and

the customers into believing that the firm had charged only 15 basis points for each of the customer transactions, as was contemplated and agreed to by the investment advisor and the firm, when in fact the true cost of each transaction to the customers, and profits made by the firm, were much higher. As a result of Falla's misconduct, the firm charged additional markups and markdowns totaling \$99,543.21, which was not disclosed to the investment advisor or the customers. As a result, Falla willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. The complaint also alleges that Falla failed to provide a price to customers that was as favorable as possible under prevailing market conditions. The complaint further alleges that all of the pre-arranged trades with the broker-dealer in each of the subject bond transactions between Falla's firm and the investment advisor resulted in the publication and circulation of communications and reports of non-bona fide purchases and sales of the subject bonds. ([FINRA Case #2016050092301](#))

**Kevin Richard Graetz** ([CRD #1935982](#), New Canaan, Connecticut) was named a respondent in a FINRA complaint alleging that while registered with several FINRA member firms, he filed inaccurate and misleading Forms U4 and Form U4 amendments, and/or willfully failed to timely amend his Form U4 to disclose unsatisfied tax liens. ([FINRA Case #2014038847602](#))

**Eric Joseph Miller** ([CRD #1844951](#), Scottsdale, Arizona) was named a respondent in a FINRA complaint alleging that he failed to appear as a witness and provide testimony for a FINRA disciplinary proceeding that he was obligated to attend. ([FINRA Case #2014041724602](#))

**Glen Joseph Rauch** ([CRD #3102961](#), Syosset, New York) was named a respondent in a FINRA complaint alleging that he, after the termination of his registration with his member firm, repeatedly sent abusive, obscene, intimidating and threatening messages to a principal of the firm, who was also the firm's COO and CFO. The complaint alleges that Rauch's harassing and threatening messages stopped only after the principal obtained a restraining order against Rauch due to the threats and after a police officer warned Rauch that further contact with the principal would violate the restraining order.

The complaint also alleges that Rauch committed an array of serious sales practice violations that demonstrated dishonesty, evasiveness, and a disregard for FINRA rules and caused customer losses. In particular, in a firm individual retirement account (IRA) of an unsophisticated senior investor of modest means, Rauch unsuitably concentrated the customer's account and recommended unsuitable options transactions. For the same investor, Rauch also mismarked or caused others to mismark electronic order tickets for transactions as unsolicited when the transactions were solicited, in order to create the impression that the inexperienced investor understood and controlled the overall trading in his account, including the unsuitable options trading strategy. The complaint further alleges that in a second customer's account, Rauch effected unauthorized transactions in securities and also effected unsuitable options transactions. Rauch further mismarked or caused others to mismark electronic order tickets as unsolicited when the transactions at issue were either solicited or unauthorized, in order to give the false impression that

the investor was actively suggesting transactions, including some of the unsuitable transactions. In addition, the complaint alleges that to mask his significant financial problems, Rauch willfully failed to disclose on his Form U4 an IRS tax lien and an offer in compromise with respect to two state tax liens. Rauch also willfully failed to timely disclose the state tax liens on his U4. Moreover, the complaint alleges that Rauch made a false statement to his firm in a quarterly compliance questionnaire with respect to the accuracy of his Form U4. ([FINRA Case #2014039358002](#))

**Spartan Securities Group, Ltd.** ([CRD #104478](#), Clearwater, Florida) was named a respondent in a FINRA complaint alleging that it failed to establish and implement an appropriate AMLCP related to its business of accepting low-priced securities for deposit and liquidation. The complaint alleges that the firm did not have a system to collectively analyze over time account opening documents, securities deposits, account transactions and public information in order to detect potentially suspicious patterns of activity. The firm unreasonably looked at customers' activity in silos. The firm reviewed the new account forms at the time that the accounts were opened and later reviewed securities deposits. However, when the customers later liquidated their shares, the firm's reviews were focused on the liquidations themselves without consideration of the relationship of the liquidations to the deposits and the new account information. Although the firm's customers and their activities triggered a variety of AML red flags, the firm failed to appropriately identify and follow up on the red flags. When a customer or his activity triggered one red flag, the firm did not look across various sources to determine whether other red flags were also triggered by the customer and/or his activity in order to determine whether the firm should file an SAR. The firm also ignored or failed to identify inconsistencies in the documentation collected, conflicts of interests, and, in certain instances, failed to collect certain information regarding the source of the shares (*i.e.*, evidence of how and for how much the shares were obtained). The complaint also alleges that the firm sold shares of a company for a customer without registration and without an exemption from registration, in contravention of Section 5 of the Securities Act. ([FINRA Case #2013036389101](#))

## Complaint Dismissed

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.

Leandro Panazzolo Ruschel (CRD #6294859)  
Porto Alegre, Brazil  
(September 16, 2016)  
FINRA Case #2016049661902

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

**Avenir Financial Group, Inc. (CRD #148490)**  
New York, New York  
(September 20, 2016)  
FINRA Case #2013035129702

**Grace Financial Group LLC (CRD #104133)**  
Southampton, New York  
(September 7, 2016)  
FINRA Case #2014041086101

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

**Brian Cohn, Incorporated (CRD #15249)**  
Vint Hill, Virginia  
(September 19, 2016)

**Eventurelink Securities Inc. (CRD #36755)**  
Los Angeles, California  
(September 30, 2016)

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

**Merriman Capital, Inc. (CRD #18296)**  
New York, New York  
(September 6, 2016)

**Newport Coast Securities, Inc. (CRD #16944)**  
New York, New York  
(September 6, 2016)

**Oakbridge Financial Services, Inc. (CRD #16323)**  
Kirkwood, Missouri  
(September 6, 2016)

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**Firms 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.)

**Eventurelink Securities Inc. (CRD #36755)**  
Los Angeles, California  
(September 6, 2016)

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**Firms Suspended for Failure to Pay 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.)

**Coventry Capital, Inc. (CRD #14890)**  
Granite City, Illinois  
(September 6, 2016)

**Hans, Christian, Anderson, Inc. dba Northbridge Financial Services (CRD #25808)**  
Ann Arbor, Michigan  
(September 1, 2016 – September 2, 2016)

**Kaieteur Investments LLC (CRD #145152)**  
New York, New York  
(September 6, 2016 – September 21, 2016)

**Kyson & Co (CRD #37273)**  
Covina, California  
(September 1, 2016)

**Firm Suspended for Failing to Pay Arbitration Awards 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.)

**Robert R. Meredith & Co., Inc. (CRD #29501)**  
New York, New York  
(September 16, 2016)  
FINRA Case #20160504775/ARB160027

**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.)

**Vincent Arthur Wood III (CRD #1042504)**  
Richmond, Virginia  
(October 3, 1989 – December 1, 2015)  
FINRA Case # WA-603-AWC

**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.)

**Juan C. Alejos (CRD #4108723)**  
Elmsford, New York  
(September 26, 2016)  
FINRA Case #2015043443301

**Fontaine Boutwell (CRD #2233629)**  
Jacksonville, Florida  
(September 19, 2016)  
FINRA Case #2015048159401

**Matthew Michael Cocco (CRD #5990696)**  
Jackson, New Jersey  
(September 6, 2016)  
FINRA Case #2016048730301

**Perry De Leeuw (CRD #4792703)**

Jacksonville, Texas  
(September 20, 2016)  
FINRA Case #2016049660401

**Assan Faal (CRD #5863258)**

Des Plaines, Illinois  
(September 6, 2016)  
FINRA Case #2016049589501

**Judan Mae Flanagan (CRD #4761246)**

Plymouth, Michigan  
(September 12, 2016)  
FINRA Case #2016048971301

**Dean Scott Friedman (CRD #2366709)**

Roslyn Estates, New York  
(September 30, 2016)  
FINRA Case #2015048309601

**Bryon Timothy Glime (CRD #4977989)**

Federalsburg, Maryland  
(September 19, 2016)  
FINRA Case #2015047099101

**Behnam Halali (CRD #6069304)**

Morgan Hill, California  
(September 1, 2016)  
FINRA Case #2015047264301

**Garland Sean James (CRD #2308721)**

Cambria Heights, New York  
(September 13, 2016)  
FINRA Case #2015047471301

**Kalid Morgan Jones (CRD #6478212)**

St. Albans, New York  
(September 26, 2016)  
FINRA Case #2016049290501

**Vicken Kassouny (CRD #5634449)**

Burbank, California  
(September 6, 2016)  
FINRA Case #2016049349401

<b>Edward Hyunsoo Kim (CRD #1981923)</b> Las Vegas, Nevada (September 23, 2016) FINRA Case #2016049949901	<b>Barbara B. Rustici (CRD #2187594)</b> Huntington, New York (September 6, 2016) FINRA Case #2014039358001
<b>Justin Anthony Krutsinger (CRD #6062011)</b> Westminster, Colorado (September 12, 2016) FINRA Case #2015048199301	<b>Melba Reyes Talbot (CRD #1088427)</b> Crossville, Tennessee (September 19, 2016) FINRA Case #2015045436601
<b>Tucker Robert Kunkel (CRD #6613042)</b> Lake Hopatcong, New Jersey (September 6, 2016) FINRA Case #2016049127501	<b>Jonathan Andrew Trotman (CRD #6241037)</b> Brooklyn, New York (September 12, 2016) FINRA Case #2015045435401
<b>Kola Lulgjuraj (CRD #6458399)</b> Fishers, Indiana (September 6, 2016) FINRA Case #2016049096801	<b>Daniel Benjamin Vasquez Sr. (CRD #3141463)</b> Irvine, California (September 12, 2016) FINRA Case #2016049471201
<b>Rhonda Janeen Matthews (CRD #2327925)</b> Wimberley, Texas (September 19, 2016) FINRA Case #2015048158201	<b>Martinnette Jeske Witrick (CRD #707935)</b> Lafayette, Colorado (September 12, 2016) FINRA Case #2016049661901
<b>Jared Howard Morgan (CRD #5858873)</b> Orlando, Florida (September 13, 2016) FINRA Case #2015046126901	<b>Hannan Zafar (CRD #6564937)</b> Boonton, New Jersey (September 6, 2016) FINRA Case #2016049291801
<b>Shaun Thomas Nagle (CRD #2291674)</b> Pawcatuck, Connecticut (September 12, 2016) FINRA Case #2015047507901	<b>Lance Jeffrey Ziesemer (CRD #2342087)</b> Waconia, Minnesota (September 26, 2016) FINRA Case #2016049847001
<b>John Howard Pemberton (CRD #4326882)</b> Overland Park, Kansas (September 6, 2016) FINRA Case #2016048690801	
<b>Barbara E. Rein (CRD #5652524)</b> Ellington, Connecticut (September 6, 2016) FINRA Case #2016049011101	

**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.)

**Joseph Albert Ambrosole (CRD #5732488)**  
Staten Island, New York  
(September 9, 2016)  
FINRA Case #2015047839901

**Debbie Sue Arnold (CRD #4192536)**  
Albany, Ohio  
(September 12, 2016)  
FINRA Case #2016049819601

**Bridgett Elizabeth Beard (CRD #6481178)**  
Bamberg, South Carolina  
(September 19, 2016)  
FINRA Case #2016049477302

**Shawn Aaron Bedford (CRD #4674899)**  
Columbia, Missouri  
(September 26, 2016)  
FINRA Case #2016050056001

**Jasper Eugene Boykin Jr. (CRD #3141703)**  
Atlanta, Georgia  
(September 2, 2016)  
FINRA Case #2016049508601

**Anthony Joseph Calascione (CRD #2869991)**  
Staten Island, New York  
(September 8, 2016)  
FINRA Case #2015048287301

**Samuel David Campos (CRD #6054829)**  
Forney, Texas  
(September 19, 2016)  
FINRA Case #2016050778401

**Ladonna Carlisle (CRD #6572037)**  
Gilbertown, Alabama  
(September 8, 2016)  
FINRA Case #2016049526901

**Nichele Alexis Cavins (CRD #6419081)**  
Jacksonville, Florida  
(September 19, 2016)  
FINRA Case #2016050084801

**Munaem Choudhury (CRD #3077176)**  
South Ozone Park, New York  
(September 9, 2016)  
FINRA Case #2016049602301

**Shannon Kathleen Daniels (CRD #4606771)**  
Cape Girardeau, Missouri  
(September 8, 2016)  
FINRA Case #2016050764201

**Daniel Gerard Derepentina (CRD #1887112)**  
Lincoln, California  
(September 8, 2016)  
FINRA Case #2016048766501

**Jonathan Roth Ellis (CRD #6550512)**  
Jamaica, New York  
(September 12, 2016)  
FINRA Case #2016050122101

**Daniel Erlichman (CRD #4024956)**  
New York, New York  
(July 5, 2016 – September 15, 2016)  
FINRA Case #2016048754201

**Michael Joseph Farinella (CRD #5297170)**  
Florissant, Missouri  
(September 9, 2016)  
FINRA Case #2016049705601

**Michael P. Gopie (CRD #5758354)**  
Flushing, New York  
(September 9, 2016)  
FINRA Case #2016049655801

**Ricky Reid Harris Jr. (CRD #6161045)**  
Dallas, Texas  
(September 12, 2016)  
FINRA Case #2016049925201

**Erik Scott Jacobsen (CRD #5427273)**  
Dillon, Colorado  
(September 19, 2016)  
FINRA Case #2016050057101

**Andrew Scott Jensen (CRD #5804773)**  
Albany, Georgia  
(September 12, 2016)  
FINRA Case #2016049110601

**Tedla Ebou Khan (CRD #5121140)**  
Wanchai, Hong Kong  
(September 19, 2016)  
FINRA Case #2016049826701

**Bilal Samouri McClendon (CRD #2821801)**  
Bronx, New York  
(September 12, 2016)  
FINRA Case #2015045048403

**Sekou Mansur McClendon (CRD #2960072)**  
North Bergen, New Jersey  
(September 6, 2016)  
FINRA Case #2015045048901

**Christopher Vincent Paul (CRD #3226861)**  
Staten Island, New York  
(September 2, 2016)  
FINRA Case #2015047312301

**Patrick Lee Perales (CRD #4595173)**  
Corpus Christi, Texas  
(September 22, 2016)  
FINRA Case #2016049054101

**Bryan Daniel Quigley (CRD #5891131)**  
Philadelphia, Pennsylvania  
(September 26, 2016)  
FINRA Case #2016050128101

**Michael Quiles III (CRD #4351166)**  
Commack, New York  
(September 1, 2016)  
FINRA Case #2016049315201

**Jennifer Rainwater (CRD #6485971)**  
Campbell, Missouri  
(September 8, 2016)  
FINRA Case #2016050022901

**Kimberly Charisse Rice (CRD #3245321)**  
Bellevue, Washington  
(September 26, 2016)  
FINRA Case #2016049930201

**Theodore Gerald Rothman (CRD #405741)**  
Newtown, Pennsylvania  
(September 19, 2016)  
FINRA Case #2016050036201

**Craig Clifford Ruschmeyer (CRD #1454967)**  
Cottage Grove, Minnesota  
(September 6, 2016)  
FINRA Case #2015047287501

**Jon Brett Schmidhammer (CRD #1548931)**  
Dublin, Ohio  
(September 26, 2016)  
FINRA Case #2016050951601

**David Garrett Shaw (CRD #4146204)**  
Levittown, Pennsylvania  
(September 12, 2016)  
FINRA Case #2016049773101

**Gary Harland Sisler Jr. (CRD #5379652)**  
New York, New York  
(September 12, 2016)  
FINRA Case #2016049663901

**Ladd W. Tanner (CRD #2157829)**  
Sandy, Utah  
(September 8, 2016)  
FINRA Case #2016048763201

**Dang Hung To (CRD #6493020)**  
 Elk Grove, California  
 (September 19, 2016)  
 FINRA Case #2016049654501

**Quyen Trong Tran (CRD #6126452)**  
 Rosemead, California  
 (September 19, 2016)  
 FINRA Case #2016050041201

**Michael Vetere (CRD #2476936)**  
 Bronx, New York  
 (September 19, 2016)  
 FINRA Case #2016049002501

**Kuana Nicole Vick (CRD #5851742)**  
 Fayetteville, North Carolina  
 (September 19, 2016)  
 FINRA Case #2016050589001

**Larry Phillip Vogel (CRD #1350048)**  
 Cohocton, New York  
 (September 15, 2016)  
 FINRA Case #2015048174601

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

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

**Scott Patrick Alcus (CRD #2983730)**  
 Miami, Florida  
 (September 26, 2016)  
 FINRA Arbitration Case #16-00191

**Richard Edward Bohack (CRD #2239191)**  
 Douglaston, New York  
 (September 21, 2016)  
 FINRA Case #2016051105901/ARB160038

**John Andrew Bredderman (CRD #3165147)**  
 New York, New York  
 (September 12, 2016)  
 FINRA Arbitration Case #15-03020

**Jon Christian Coleman (CRD #4440073)**  
 Coppell, Texas  
 (August 1, 2012 – September 14, 2016)  
 FINRA Arbitration Case #11-04385

**Jay Todd Eurich (CRD #1724361)**  
 Palm Bay, Florida  
 (September 9, 2016)  
 FINRA Arbitration Case #15-02049

**Michael Dennis Hampton (CRD #4349202)**  
 Citrus Heights, California  
 (March 16, 2016 – September 13, 2016)  
 FINRA Arbitration Case #15-02041

**John Harold Lohmeier (CRD #5161396)**  
 Oak Brook, Illinois  
 (September 26, 2016)  
 FINRA Arbitration Case #15-02148

**Daniel Joseph Moniz (CRD #4431014)**  
 Cranston, Rhode Island  
 (September 14, 2016)  
 FINRA Case #2016050694901/ARB160030

**Jay Steven Sutherland (CRD #1218484)**  
 Indian Harbour Beach, Florida  
 (September 26, 2016)  
 FINRA Arbitration Case #16-00136

**Thomas John Tedeschi (CRD #2379704)**  
 Miller Place, New York  
 (September 30, 2016 – October 6, 2016)  
 FINRA Arbitration Case #15-00563

**John Joseph Tillger Jr. (CRD #1766765)**  
 Doylestown, Pennsylvania  
 (September 1, 2016)  
 FINRA Arbitration Case #14-02956

**James Frederick Venditti (CRD #3251238)**  
 Moodus, Connecticut  
 (September 12, 2016)  
 FINRA Arbitration Case #15-00138

## **FINRA Fines Ameriprise Financial Services, Inc. \$850,000 for Failing to Supervise the Transmittal of Funds From Customer Brokerage Accounts**

### **Office Manager Took \$370,000 From Own Family's Brokerage Accounts**

FINRA fined [Ameriprise Financial Services, Inc.](#) \$850,000 for failing to detect the conversion of more than \$370,000 from five customer brokerage accounts by one of its registered representatives. Ameriprise failed to adequately investigate red flags associated with nine third-party wire requests, including that the funds were being transmitted to a business bank account associated with an Ameriprise representative. The conversion went undetected for two years because Ameriprise failed to establish and enforce a supervisory system reasonably designed to adequately monitor the transmittal of funds from customer accounts to third parties, including those controlled by registered representatives of the firm. After Ameriprise discovered the misconduct, it paid restitution, plus interest and related fees, to the customers. FINRA barred the representative in June 2014.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “Ameriprise failed to exercise reasonable diligence in supervising the transmittal of customer funds to third- party accounts. Firms need to pay special attention when funds are wired from customer brokerage accounts to accounts controlled by registered representatives, and will be held responsible when their representatives use their insider status to prey upon customers.”

FINRA found that from October 2011 to September 2013, a registered representative of the firm who worked as a sales assistant and office manager took more than \$370,000 from five Ameriprise customers. The customers were the office manager’s family members, including his mother, step-father and grandparents as well as his domestic partner. The office manager converted the funds through a two-step process. First, he submitted request forms to transfer funds from the customers’ Ameriprise brokerage accounts into the business bank account of the office in which he worked, allegedly for the intended purpose of making investments. He then took funds from that account in order to pay himself additional salary, commissions he had not earned and other money to which he was not entitled.

FINRA found that Ameriprise failed to adequately follow up on red flags, including that the funds were being transferred to an account that the firm knew or should have known belonged to one of its registered representatives. The firm also failed to adequately investigate possible signature irregularities that it flagged on certain wire request forms. In addition, even though four of the nine wire requests were also flagged for further review for other reasons, Ameriprise failed to adequately follow up.

The conduct was discovered in September 2013 when another office employee found evidence in a trash can that the office manager had been practicing signing the signature of a family member from whom he was scheming to convert funds.

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

## FINRA Hearing Panel Sanctions Avenir Financial Group and Bars Former CEO Michael Todd Clements for Fraud

Firm Fined \$229,000, Ordered to Offer Rescission to Defrauded Investors, and Suspended Two Years From Engaging in Self-Offerings; Registered Representative Suspended Two Years

FINRA announced that a FINRA hearing panel has sanctioned [Avenir Financial Group](#), fining the NY-based firm \$229,000 and suspending it for two years from engaging in any self-offerings of securities for misconduct including the fraudulent sales of equity interests in the firm and promissory notes. Additionally, the firm failed to provide to customers written disclosures regarding compensation from the sales and the use of proceeds in connection with the equity offerings, and inadequately supervised the firm's capital raising. The hearing panel also barred former Chief Executive Officer and Chief Compliance Officer [Michael Todd Clements](#) from the securities industry for fraud, suspended registered representative [Karim Ahmed Ibrahim](#) (aka Chris Allen) for two years for fraud, and ordered Ibrahim to disgorge his \$25,000 commission. In addition, Avenir, Clements and Ibrahim were ordered to offer rescission to defrauded customers. The hearing panel dismissed the charges that Clements aided and abetted the fraud, as well as the charge that Avenir misused customer funds. The decision resolves charges brought by FINRA's Department of Enforcement in April 2015. Since May 2015, the firm, Clements, and Ibrahim have been subject to a temporary cease and desist order pending the resolution of the charges.

The panel found that Avenir, Clements, and Ibrahim willfully misrepresented or omitted material facts in connection with sales of Avenir equity interests. The firm also willfully made misrepresentations in the sale of debt and equity interests in the holding company of the firm's branch office. According to the decision, Avenir, which was thinly capitalized and in need of an immediate capital infusion to comply with net capital rules, sought funds from investors through an equity self-offering in 2013. Clements, who oversaw Ibrahim's capital-raising efforts, directed Ibrahim to raise capital from customers who were told their funds would be used for Avenir's day-to-day operations and growth. The decision noted there was much information Clements did not tell Ibrahim, including the firm's precarious financial situation. In one instance, a 92-year-old customer was told his \$250,000 investment would be used to grow the firm and fund its day-to-day operations, and that one day his investment would be returned "in a very large amount." Beyond the purchase agreement, Ibrahim did not provide the customer with any written materials, including any written information about the firm. Ibrahim admitted in testimony prior to the hearing that he was aware that Avenir faced a dire regulatory capital situation, yet he did not disclose this material fact to the customer.

The decision noted another example involving wrongdoing in connection with sales of equity and promissory notes by Cesar Rodriguez, another registered representative under Clements' direct supervision whom FINRA later barred in April 2015. The panel noted that Rodriguez sold a 2 percent equity interest in Avenir for \$100,000 to a customer who had

recently lost his daughter in a car accident, and was investing the life insurance proceeds to provide for his six-year-old grandchild's future. Rodriguez and Clements assured the customer that Avenir was a growth company that was doing "exceptionally well" and was "growing exponentially." According to the decision, Clements did not provide the customer with any written documents except for the purchase agreement, and neglected to provide any information about the firm's financial condition, including that Avenir had recently been prohibited for several weeks from conducting a securities business due to insufficient capital. Rodriguez later also sold him equity and promissory notes in the branch office holding company.

The panel noted in its decision that Avenir and Clements failed to accept responsibility for their misconduct and that Ibrahim failed to express remorse, all of which were aggravating factors considered when assessing sanctions.

Unless the hearing panel's decision is appealed to FINRA's National Adjudicatory Council (NAC), or is called for review by the NAC, the [hearing panel's decision](#) becomes final after 45 days. If no further action is taken, the decision will be final on November 7, 2016.