

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

Financial America Securities, Inc. ([CRD® #5100](#), Cleveland, Ohio) and John Charles Rukenbrod ([CRD #407114](#), Cleveland Heights, Ohio) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$27,500. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Rukenbrod was fined \$5,000 and suspended from association with any FINRA® member in any principal capacity for two months.

Without admitting or denying the findings, the firm and Rukenbrod consented to the sanctions and to the entry of findings that the firm, acting by and through Rukenbrod, failed to adequately supervise the business being conducted out of a certain branch office of the firm. The findings stated that the firm, acting by and through Rukenbrod, failed to conduct any inspection of the branch office, failed to review any incoming or outgoing emails of the three registered representatives operating out of the branch, and failed to adequately supervise the private securities transactions of two registered representatives at the branch. The findings also stated that the firm failed to ensure that all of its registered representatives' business-related electronic communications were reviewed and captured and retained in a nonerasable, non-rewriteable format. The findings also included that the firm failed to create and maintain written reports of its inspections of the office of supervisory jurisdiction, branch and non-branch locations. FINRA found that the firm, acting by and through Rukenbrod, failed to ensure that a properly licensed principal supervised the firm's securities business.

The suspension is in effect from September 2, 2014, through November 1, 2014. ([FINRA Case #2011025846903](#))

## Firms Fined

Center Street Securities, Inc. ([CRD #26898](#), Nashville, Tennessee) submitted an AWC in which the firm was censured; fined \$100,000, which includes disgorgement of approximately \$27,000; and required to conduct a comprehensive review of the adequacy of its policies, systems, procedures, and training with respect to reviewing and approving alternative products and responding to regulatory inquires. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, through the actions of multiple registered representatives, it made

## Reported for October 2014

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

unsuitable recommendations to customers to purchase renewable secured debentures, an illiquid and high-risk alternative investment. The findings stated that the firm's registered representatives made unsuitable recommendations and recommendations containing misrepresentations to purchase the debentures to customers, including elderly customers and retirees, which resulted in the sale of more than \$3 million in debentures to these customers. The findings also stated that the firm failed to maintain an adequate supervisory system and adequate written supervisory guidelines, and failed to reasonably supervise its representatives' sales of debentures. Despite the presence of "red flags," the firm failed to take reasonable supervisory steps to ensure the debenture sales were suitable or that the debentures had been accurately represented to the customers. Among other things, the firm approved the debenture purchases without adequately considering whether they were consistent with the customers' investment objectives, risk tolerances, financial conditions, ages or liquidity needs. Nor did the firm adequately consider whether representations that had been made regarding the debentures were accurate. The firm also approved debenture sales where certain forms contained inconsistencies, or where certain information was missing from the documentation. The firm did not document why these transactions were approved with missing or incorrect information.

The findings also included that the firm distributed an inaccurate sales brochure to more than 100 customers. Certain firm customer account forms contained inaccurate information about customer net worth or other information, and the firm failed to maintain accurate books and records as a result. The firm's written supervisory procedures (WSPs) did not specify who was responsible for responding to regulatory requests or provide guidance as to steps or actions that should be taken to identify and collect responsive information. ([FINRA Case #2012034936004](#))

**Collins Stewart LLC nka Canaccord Genuity Inc. ([CRD #24790](#), New York, New York)** submitted an AWC in which the firm was censured; fined \$30,000; ordered to pay \$445.68, 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 failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in national market system (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm inaccurately appended modifiers to transaction reports submitted to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) identifying such transactions as qualifying for an exception from Securities and Exchange Commission (SEC) Rule 611 of Regulation NMS. The firm accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders up to the size and at the same price at which it traded for its own account or at a better price. The firm also accepted and held customer market orders, traded for its own account at a price that would have satisfied the customer market orders, and failed to immediately

thereafter execute the customer market orders. The findings also stated that the firm failed to contemporaneously or partially execute a customer limit order in NASDAQ securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order or at a better price. ([FINRA Case #2010023774701](#))

**Consultiva Securities, Inc. nka Fairbridge Capital Markets** ([CRD #103818](#), Guaynabo, Puerto Rico) 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 in connection with a commission recapture/rebate business, the firm failed to use a separate bank account similar to those accounts established under SEC Rule 15c3-3(k)(2)(i), failed to accrue liabilities, and filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. The findings stated that the firm engaged in the commission recapture/rebate business, which caused the firm to hold customer funds in its possession and control. As a result, the firm's minimum net capital was increased to \$250,000. The firm conducted a securities business on at least 22 dates while it was net capital deficient. The firm also failed to file the required net capital deficiency notifications with the SEC and FINRA. ([FINRA Case #2012030484301](#))

**Crowell, Weedon & Co. nka Crowell Weedon, a Division of D.A. Davidson & Co.** ([CRD #193](#), Los Angeles, California) submitted an AWC in which the firm was censured, fined \$120,000 and required to comply with undertakings. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to comply with its regulatory reporting obligations when it filed late, inaccurate or incomplete amendments to the Uniform Application for Securities Industry Registration or Transfer (Form U4) and Uniform Termination Notice for Securities Industry Registration (Form U5), or to file reports as required by New York Stock Exchange (NYSE) Rule 351. The findings stated that the firm failed to establish and maintain an adequate system to supervise the activities of each registered representative and associated person in a manner designed to ensure that disclosure information was timely submitted, or to detect violations, and to enforce its WSPs. ([FINRA Case #2012030559801](#))

**GFI Securities LLC** ([CRD #19982](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within the time required by FINRA Rule 6730(a). ([FINRA Case #2013036993601](#))

**Goldman, Sachs & Co.** ([CRD #361](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as managing underwriter, lead initial purchaser or initial purchaser, it failed to timely report new issue offerings in TRACE-eligible corporate debt securities in accordance with the requirements of FINRA Rule 6760(c). ([FINRA Case #2012032500201](#))

**Inland Securities Corporation** ([CRD #15807](#), Oak Brook, Illinois) submitted an AWC in which the firm was censured, fined \$40,000 and required to retain an independent consultant and revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its supervisory procedures were not reasonably designed to achieve compliance with federal securities laws and FINRA rules in connection with its role as the exclusive dealer-manager and placement agent of securities issued by its affiliated companies. The findings stated that the firm was obligated to maintain procedures that were reasonably designed to ensure that it did not make or use material misrepresentations or omissions in connection with its role as placement agent of private placements and non-traded real estate investment trusts (REITs). The firm's procedures were not reasonably designed to ensure that the firm took the steps necessary to have a reasonable basis for the statements it made or used in connection with that role. The firm also failed to implement its procedures' requirement that a due diligence review be performed, and that its president approve each offering. In addition, the firm's procedures failed to identify which firm principals would perform the firm's various supervisory responsibilities. ([FINRA Case #2013036319701](#))

**Kingsbridge Capital Corp.** ([CRD #42916](#), King George, Virginia) submitted an AWC in which the firm was censured and fined \$15,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its registered representatives used their personal email accounts for business communications, and the firm failed to retain and review these emails. The findings stated that the firm was aware of such use and although some emails were retained, they were retained on representatives' personal computers, where they could be altered or deleted. The findings also stated that the firm failed to enforce its WSPs, which required pre-approval of any emails sent to clients. The firm did not have active access to the registered representatives' email accounts, and did not check their emails on a periodic basis or as part of the firm's branch inspections. The firm's reliance on the "honor system" to monitor its registered representatives' emails is not a reasonably designed system to achieve compliance with the applicable securities rules or effectuate its WSPs. ([FINRA Case #2013035124601](#))

**Lightspeed Trading, LLC** ([CRD #35519](#), New York, New York) submitted an AWC in which the firm was censured, fined \$10,000 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 its 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 monitoring the accuracy of the capacity entered for trade reports. ([FINRA Case #2011029484102](#))

**L.O. Thomas & Co. Inc. (CRD #23657, Linwood, New Jersey)** submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to retain its outgoing email correspondence sent through an email account that was used for firm-related business communications. The findings stated that at least three of the firm's registered representatives used outside email addresses for business-related communications, and the firm failed to review those email communications. The firm failed to comply with the electronic storage media requirements of Securities Exchange Act of 1934 Rule 17a-4. The findings also stated that the firm failed to adequately perform and document office inspections. The firm did not inspect all of its office locations, including its main office. When the firm visited some of its non-branch office locations, those visits were not documented and did not cover testing the firm's policies and procedures in several areas. ([FINRA Case #2012030679001](#))

**Maxim Group LLC (CRD #120708, 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 it effected short sales in equity securities for its own account without borrowing the security, or entering into a bonafide arrangement to borrow the security, having reasonable grounds to believe that the security could be borrowed so that it could be delivered on a date delivery is due, and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2013035594901](#))

**Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York)** submitted an AWC in which the firm was censured and fined \$72,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted Execution or Combined Order/Execution Reports to the Order Audit Trail System (OATS™) for which OATS was unable to link the execution reports to the related trade reports in a FINRA transaction reporting system due to inaccurate, incomplete or improperly formatted data, and transmitted Execution or Combined Order/Execution Reports to OATS for which it failed to append the required Reporting Exception Code. The findings stated that the firm transmitted New Order Reports and related subsequent reports to OATS for which OATS was unable to create an accurate, time-sequenced record from the receipt of the order through its resolution because the timestamp for the related subsequent report occurred prior to receipt of the order. The firm transmitted Route or Combined Order/Route reports to OATS for which OATS was unable to link to the related exchange due to inaccurate, incomplete or improperly formatted data; transmitted Route or Combined Order/Route Reports to OATS for which OATS was unable to link to the corresponding new order transmitted by the receiving member firm due to inaccurate, incomplete or improperly formatted data; and transmitted Route or Combined Order/Route Reports to OATS, which were submitted by other members where the firm was named as the "Sent to Firm," for which OATS was unable to match. The findings also stated that

the firm failed to transmit and failed to timely transmit Reportable Order Events (ROEs) to OATS. The firm failed to accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution, and failed to timely report transactions that required an .RX modifier to the FNTRF by 8 p.m. Eastern Time. ([FINRA Case #2011028587301](#))

**Merrill Lynch, Pierce, Fenner & Smith Incorporated** ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to record and preserve certain order information required on options order memoranda. The findings stated that representatives in one branch did not follow the firm's procedure to complete a paper ticket when options orders were called into the trading desk. As a result, the firm's order memoranda did not have the information reflecting the time the order was received and the identity of any other person who entered or accepted the order on the customer's behalf. The findings also stated that the firm failed to adequately enforce its WSPs requiring that its registered representatives accurately record all required order memoranda information for options orders that were telephoned to the trading desk. ([FINRA Case #2011030744101](#))

**Murphy & Durieu** ([CRD #6292](#), New York, New York) submitted an AWC in which the firm was censured; fined \$42,500; ordered to pay \$572.10, plus interest, in restitution; 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 execute, or failed to contemporaneously or partially execute, limit orders in over-the-counter (OTC) securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order, failed to execute market orders fully and promptly, and failed to use reasonable diligence to ascertain the best market for the securities, 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 submitted quotations for publication on a quotation medium, OTC Link, without having in its records the documents and information required by SEC 15c2-11(a) and (b), having a reasonable basis under the circumstances for believing the information required by SEC 15c2-11(a) was accurate in all material respects, and that the sources of such information were reliable or availing itself of an applicable exception of SEC Rule 15c2-11. 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, and failed to provide evidence that orders represented unsolicited orders or indications of interest.

The findings also stated that the firm improperly reported information to the Real-time Transaction Reporting System (RTRS) that it should not have. Specifically, the firm improperly reported purchase and sale transactions effected in municipal securities to the RTRS, when the inter-dealer deliveries were "step outs" and were not inter-dealer transactions reportable to the RTRS. The findings also included that the firm's supervisory

system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and Municipal Securities Rulemaking Board (MSRB) rules, concerning the reporting of municipal securities to the RTRS. ([FINRA Case #2011028035101](#))

**Nomura Securities International, Inc. ([CRD #4297](#), 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 it failed to provide written notification disclosing to its customer its correct capacity in transactions, in that the firm executed orders on a principal basis, in whole or in part, but incorrectly indicated on the customer confirmations that the firm executed such orders on an agency basis. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Rule 10b-10. ([FINRA Case #2011029412101](#))

**Raymond James & Associates, Inc. ([CRD #705](#), St. Petersburg, Florida)** 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 execute customer limit orders in OTC securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The findings stated that the firm failed to contemporaneously execute customer limit orders in OTC securities after it traded each subject security for its own market-making account, and in some of those instances, failed to execute the order at a price that would have satisfied each customer's limit order. In transactions for or with a customer, 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. The firm 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. ([FINRA Case #2011028038301](#))

**Riedl First Securities Company of Kansas ([CRD #30812](#), Wichita, Kansas)** submitted an AWC in which the firm was censured and fined \$16,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold municipal securities for its own account to a customer at an aggregate price (including any mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. Prior to the acceptance of the AWC, the firm paid aggregate remediation of \$16,420.59 to the affected customers. ([FINRA Case #2013035812201](#))

**Robert W. Baird & Co. Incorporated** ([CRD #8158](#), Milwaukee, Wisconsin) 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 transmit last sale reports of transactions in designated securities to the FNTRF within 30 seconds after execution. ([FINRA Case #2012033834401](#))

**Triad Securities Corp** ([CRD #11363](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report secondary market trades (S1 transactions) in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2013036988601](#))

## Individuals Barred or Suspended

**Robert Thomson Angle** ([CRD #811495](#), San Francisco, California) 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, Angle consented to the sanction and to the entry of findings that he failed to provide FINRA-requested information and documents. The findings stated that as a result of Angle's member firm's Uniform Request for Broker-Dealer Withdrawal (Form BDW) filing, a close-out examination was commenced to determine whether any violations of the federal securities laws and/or FINRA rules had occurred since the completion of the firm's most recent FINRA examination. Because Angle was designated as his firm's records custodian, all correspondence and requests for information were sent to him at his residential address of record in CRD and also to him at the firm's address, which he listed in the Custodian Information section of the Form BDW. Angle claimed he could not produce certain requested documents because the firm did not have access to them and its former clearing firms would not release the documents to him. These records were, or should have been, at the location at which the firm's records were kept following its withdrawal from membership, and constituted records that Angle was obligated, as custodian, to provide upon FINRA's request. ([FINRA Case #2012032033101](#))

**Daniel P. Barthold** ([CRD #5291827](#), North Bellmore, New York) submitted an AWC in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Barthold consented to the sanctions and to the entry of findings that together with two other registered representatives, he attempted to settle a customer complaint away from their member firm by agreeing to jointly pay \$4,000 to the customer and by sending \$1,500 in cash to the customer in furtherance of the settlement agreement without the firm's knowledge or consent.

The suspension was in effect from September 15, 2014, through September 26, 2014. ([FINRA Case #2012034393401](#))

**Trent W. Batchelor** ([CRD #5200282](#), Chicago, Illinois) 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 10 months. Without admitting or denying the findings, Batchelor consented to the sanctions and to the entry of findings that he submitted variable annuity applications for review and approval by his member firm that omitted certain information on the annuity disclosure form accompanying each application. The findings stated that Batchelor's firm requested that Batchelor add the missing information to the disclosure forms, have his customers initial the changes, and then resubmit the disclosure forms. The next day, Batchelor resubmitted the disclosure forms after adding the missing information relating to prospectus delivery and withdrawal privileges. Batchelor's customers did not initial the changes. Instead, Batchelor forged his customers' initials on the disclosure forms without their knowledge or consent. The findings also stated that Batchelor submitted untimely responses to FINRA-requests for information. It was not until approximately one week before Batchelor was to be suspended after FINRA initiated a non-summary proceeding against him that he provided a response, which was more than six months late.

The suspension is in effect from August 18, 2014, through June 17, 2015. ([FINRA Case #2012032757402](#))

**Alan J. Becker** ([CRD #4870553](#), Bedford, New Hampshire) submitted an AWC in which he was assessed a deferred fine of \$46,045, which includes the disgorgement of commissions received of \$36,045, and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Becker consented to the sanctions and to the entry of findings that either independently or working in conjunction with another registered representative, he made unsuitable recommendations to six customers in connection with the sales of variable universal life policies (VULs) based on their financial situation and needs. The findings stated that Becker made inaccurate statements and failed to make disclosures regarding the risk of withdrawing funds from VULs, the risk of policy lapse, the increase in mortality and expense fees over time, and the existence of surrender charges to the customers. Becker failed to disclose a material fact in connection with his sale of a VUL to one customer and in his recommendation to increase the face value of the VUL another customer owned. The findings also stated that despite the fact that Becker knew that a customer had not agreed to purchase a VUL, he effected a surrender of a variable annuity that the customer already owned, and used the proceeds to purchase a VUL with a face value of \$1,500,000 on the customer's behalf. The findings also included that Becker recorded false information on VUL policy applications for four customers regarding their net worth, or signed applications containing false information regarding their net worth, which caused his member firm to create and maintain inaccurate books and records.

The suspension is in effect from August 18, 2014, through February 17, 2016. ([FINRA Case #2011030400501](#))

**Stephen Jeffrey Campbell** ([CRD #848337](#), Mystic, Connecticut) 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 18 months. Without admitting or denying the findings, Campbell consented to the sanctions and to the entry of findings that while exercising control over a customer's accounts, he excessively and unsuitably traded the accounts in a manner that was inconsistent with the customer's investment objectives, financial situation and needs. The findings stated that Campbell's improper trading resulted in a collective loss of approximately \$62,000 in the customer's accounts, while generating total gross commissions of approximately \$64,000. The findings also stated that Campbell effected securities trades in the customer's accounts without obtaining her authorization for the trades.

The suspension is in effect from September 2, 2014, through March 1, 2016. ([FINRA Case #2012033713801](#))

**Jose Martin Canales** ([CRD #1945614](#), El Paso, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Canales consented to the sanction and to the entry of findings that he failed to provide documents and information, and to appear for testimony in response to FINRA requests. The findings stated that FINRA was investigating events leading up to Canales' termination from his member firm, including, among other things, his handling of customer funds. Canales, through his attorney, advised FINRA that he would not appear for testimony or provide documents and information in response to FINRA's requests. ([FINRA Case #2014041231501](#))

**Paul Hunter Carleton** ([CRD #707186](#), Shaker Heights, Ohio) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Carleton consented to the sanctions and to the entry of findings that he engaged in a private securities transaction without having received his member firm's prior written authorization to do so. The findings stated that Carleton and another registered representative of the firm notified the firm of a private placement offering that they intended to sell. Carleton's supervisor attended an investor meeting regarding the private offering at that time. Approximately two weeks after the investor meeting, Carleton's supervisor sent an email to Carleton and the other registered representative advising them that the firm would not participate in the private offering until certain due diligence procedures were agreed upon. Carleton, the other registered representative, and their attorney met with firm management and the firm's attorney to discuss and agree upon the due diligence procedures that the firm would require for private placement offerings like this one. Prior to the meeting, however, Carleton participated in one securities transaction in connection with the private offering. One of Carleton's customers executed a subscription agreement to purchase \$500,000 of the private offering. Carleton effectuated this purchase by forwarding the executed subscription agreement directly to the issuer of securities in the private offering. Carleton did not provide a copy of the subscription agreement to the firm or otherwise notify the

firm of the transaction at the time he sent the subscription agreement to the issuer. As a result, Carleton did not allow the firm an opportunity to review and approve (or reject) his private offering securities transaction prior to its execution. Although the securities transaction might have been within the regular course or scope of Carleton's employment with the firm, it was not effected through the firm.

The suspension is in effect from September 15, 2014, through December 14, 2014. ([FINRA Case #2011025846904](#))

**Pedro Castaneda** ([CRD #5061163](#), Chicago, 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 one year. Without admitting or denying the findings, Castaneda consented to the sanctions and to the entry of findings that while associated with his member firm and its affiliated bank, he printed a duplicate debit card for a bank customer's checking account and inadvertently caused it to be used for a \$505.08 personal transaction, without the customer's knowledge or consent. The findings stated that Castaneda realized the error shortly thereafter and had the charges refunded. However, Castaneda did not notify the bank or his firm of the erroneous transaction. They learned of it when the customer complained.

The suspension is in effect from August 18, 2014, through August 17, 2015. ([FINRA Case #2013037774401](#))

**Thomas Joseph Centeno** ([CRD #3001882](#), Glen Ellen, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Centeno consented to the sanction and to the entry of findings that he converted approximately \$11,130 from a premium fund account set up to process insurance premiums, by improperly withdrawing the funds from the account and diverting them to his own use, rather than their intended purpose as insurance premiums. The findings stated that Centeno was to use the premium fund account for depositing insurance customer premium payments when he received them from his insurance agency customers and that the premiums became the property of Centeno's member firm's affiliated insurance company, where he was an independent contractor. No other funds should have been deposited into the premium fund account, and Centeno did not have any right to withdraw funds from the premium fund account. Centeno's improper withdrawals of funds from the account were found to constitute conversion. ([FINRA Case #2012035229401](#))

**Toni T. Chen** ([CRD #2827024](#), Monterey Park, 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, Chen consented to the sanction and to the entry of findings that she failed to provide a substantial amount of FINRA-requested documents and information, and failed entirely to appear for on-the-record testimony in connection with an investigation concerning possible violations of the federal securities laws and/or FINRA rules. ([FINRA Case #2013039027901](#))

**Kwen Young Chun** ([CRD #3136403](#), Midland Park, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chun consented to the sanction and to the entry of findings that he converted approximately \$201,144 from a customer's variable annuity and insurance policy for his own use and benefit. The findings stated that Chun made a total of nine disbursements by forging the customer's name on seven annuity withdrawal forms, and requesting two loans from the customer's insurance policy without the customer's knowledge or consent. Chun directed the funds to a checking account of which he was the beneficiary that he opened in the customer's name without the customer's authorization or knowledge. ([FINRA Case #2014041664801](#))

**Daniel Timothy Cowperthwaite** ([CRD #1398178](#), Pinecrest, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Cowperthwaite consented to the sanctions and to the entry of findings that he improperly received two loans, totaling approximately \$4,300 from a customer of his member firm, without the firm's knowledge or approval. The findings stated that Cowperthwaite repaid \$3,800 of the amount borrowed only after the customer complained to the firm. Cowperthwaite failed to repay the remaining \$500.

The suspension is in effect from August 18, 2014, through November 17, 2014. ([FINRA Case #2013035441402](#))

**John R. Crittenden** ([CRD #1704862](#), Newport Beach, California) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 60 days. In light of Crittenden's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Crittenden consented to the sanction and to the entry of findings that he failed to amend his Form U4 to disclose unsatisfied judgments and tax liens.

The suspension is in effect from August 18, 2014, through October 16, 2014. ([FINRA Case #2012033280801](#))

**Savitri Deodat** ([CRD #5751186](#), Brooklyn, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Deodat consented to the sanction and to the entry of findings that during the course of an ongoing FINRA investigation, she failed to appear and provide on-the-record testimony. The findings stated that FINRA was investigating allegations that Deodat misappropriated approximately \$24,000 from two customers. ([FINRA Case #2014039917701](#))

**Nathan Eppley** ([CRD #6276290](#), Dillsburg, 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 18 months. Without admitting or denying the findings, Eppley

consented to the sanctions and to the entry of findings that while taking the Series 6 exam, he was found to be in possession of a binder containing prohibited materials during a restroom break. The findings stated that prior to beginning the exam, Eppley attested that he had read and would abide by the FINRA Test Center Rules of Conduct, which prohibited the possession of notes, formulas, or any other study materials in the examination room or during a restroom break.

The suspension is in effect from August 18, 2014, through February 17, 2016. ([FINRA Case #2014041225201](#))

**Robert Charles Fontaine** ([CRD #3073571](#), Oconomowoc, Wisconsin) submitted an AWC in which he was fined \$10,000, which includes disgorgement of commissions received of \$2,000, and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Fontaine consented to the sanctions and to the entry of findings that he recommended and sold to two customers \$121,000 of renewable secured debentures, an illiquid and high-risk alternative investment, that were unsuitable and unreasonable based on the customers' investment profile and financial situation and objectives. The findings stated that based on Fontaine's recommendation, the customers, who were married, refinanced their house and used approximately \$79,000 of the proceeds to invest \$121,000 in a five-year debenture. This amount represented approximately 46 percent of their liquid net worth and marked their first experience with any alternative investment. The findings also stated that Fontaine recommended and sold \$25,000 of the debentures to another customer who had recently sold her home and wanted to use the proceeds to better position herself for retirement. This recommendation was unsuitable based on the customer's investment profile, and Fontaine did not have a reasonable basis for making such a recommendation.

The suspension was in effect from September 2, 2014, through October 1, 2014. ([FINRA Case #2013035565401](#))

**Christopher John Forbes** ([CRD #727535](#), New York, New York), **Marie-Regina Forbes** ([CRD #2106108](#), New York, New York), **Patricia Mary Forbes** ([CRD #2241513](#), Brooklyn, New York) and **Raymond James Forbes** ([CRD #1195375](#), Dunewood, New York) submitted an Offer of Settlement. Christopher Forbes was assessed a deferred fine of \$60,000 and suspended from association with any FINRA member in any capacity for seven months. Marie-Regina Forbes was fined \$10,000 and suspended from association with any FINRA member in a principal capacity—except for her activities as a Financial and Operations Principal (FINOP) (S27)—for five months. Patricia Forbes was fined \$5,000. Raymond Forbes was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in a principal capacity for 60 days.

Without admitting or denying the allegations, Christopher Forbes, Marie-Regina Forbes, Patricia Forbes, and Raymond Forbes consented to the sanctions and to the entry of findings that Christopher Forbes marked the close on 94 separate occasions in furtherance

of an unlawful manipulative scheme. The findings stated that when an OTC Bulletin Board™ (OTCBB™) security's share price was in decline, Christopher Forbes, through a non-proprietary account that was held at his member firm, on multiple trading dates, executed 94 transactions within 20 minutes of the market close, which constituted the last transaction in the security, and 70 of those transactions occurred within five minutes of the market close. Moreover, 73 of these last sale transactions occurred at prices higher than the previous transaction in the security. In addition to marking the close and open, and in furtherance of the scheme, Christopher Forbes also engaged in pre-arranged trading. Christopher Forbes, through an account that was held at the firm, knowingly or recklessly executed through a national securities exchange nine pairs of matched orders or pre-arranged trades with a firm proprietary account or a firm customer. Christopher Forbes' conduct violated FINRA Rule 2020 and NASD Rule 2120. The findings also stated that Christopher Forbes engaged in marking the open and close activity, and matched order activity, all of which resulted in the publication or circulation of reports of non-bona fide purchases or sales of the security.

The findings also included that Marie-Regina Forbes, Patricia Forbes and Raymond Forbes failed to adequately supervise their firm's proprietary traders and customers. Instead of reviewing trading activity to detect and prevent potentially manipulative order and trading activity, Marie-Regina Forbes, Patricia Forbes and Raymond Forbes primarily reviewed trading activity, by and through the firm's proprietary traders, based on financial risk to the firm. Marie-Regina Forbes, Patricia Forbes and Raymond Forbes failed to reasonably and properly supervise the activities of Christopher Forbes and another individual, so as to detect and prevent manipulative trading activities, involving marking the open and close and pre-arranged trading, and the publication of non-bona fide transactions.

FINRA found that Marie-Regina Forbes was responsible for ensuring that reasonable steps were taken to retain the firm's electronic communications, but failed to do so. Marie-Regina Forbes did not ensure that the firm's electronic communications were retained in a non-rewriteable, non-erasable format. FINRA also found that Marie-Regina Forbes, as the firm's anti-money laundering (AML) supervisor, failed to develop and implement an adequate written AML compliance program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury. Instead of reviewing order and trading activity for manipulative trading activity, such as marking the open and close, or pre-arranged trading activity that could constitute suspicious activity, Marie-Regina Forbes reviewed primarily for financial risk. Marie-Regina Forbes failed to implement a suspicious activity monitoring system reasonably designed to detect, investigate and report, where appropriate, suspicious activity, including manipulative trading activity, such as marking the open or close or pre-arranged trading activity.

Christopher Forbes' suspension is in effect from September 2, 2014, through April 1, 2015. Marie-Regina Forbes' suspension is in effect from September 15, 2014, through February 14, 2015. Raymond Forbes' suspension is in effect from September 2, 2014, through October 31, 2014. ([FINRA Case #2007009250301](#))

**Jesse Ryan Gerulis (CRD #6156911, Huntington Beach, 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 60 days. Without admitting or denying the findings, Gerulis consented to the sanctions and to the entry of findings that he failed to disclose a felony drug possession charge on his Form U4.

The suspension was in effect from August 4, 2014, through October 2, 2014. ([FINRA Case #2013036031401](#))

**Mark Allen Gowin (CRD #2434906, Chesapeake, Virginia)** 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 18 months. Without admitting or denying the findings, Gowin consented to the sanctions and to the entry of findings that in connection with the opening day of trading for public shares of a company, he effected purchases of the company's shares for customer accounts without obtaining appropriate time and price discretion. The findings stated that Gowin talked with his customers and obtained authorization to purchase the company's stock. That authorization, however, was not obtained on the day of the actual transaction. The findings also stated that Gowin exercised trading discretion without a customer's or Gowin's member firm's written approval when he bought shares for the customer on the opening day of trading. The findings also included that Gowin executed unauthorized securities transactions in three customer accounts when he sold shares of other companies and bought shares of the company. FINRA found that Gowin provided false or misleading responses to FINRA in a written submission and in sworn testimony regarding the unauthorized trades for a customer's account.

The suspension is in effect from September 2, 2014, through March 1, 2016. ([FINRA Case #2012033457301](#))

**Michael J. Greenholt (CRD #4402305, Geneva, 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, Greenholt consented to the sanctions and to the entry of findings that he failed to timely disclose outstanding Internal Revenue Service (IRS) tax liens on his Form U4. The findings stated that Greenholt did not amend his Form U4 to reflect these liens until after his member firm received a notice of levy from the IRS. The findings also stated that Greenholt failed to respond in a timely fashion to FINRA's requests for information in connection with an investigation of his possible failure to timely amend his Form U4 to reflect liens.

The suspension is in effect from August 4, 2014, through December 3, 2014 ([FINRA Case #2012034062201](#))

**Steven Charles Guggenheimer** ([CRD #1646257](#), New York, New York) submitted an AWC in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Guggenheimer consented to the sanctions and to the entry of findings that he implemented and/or executed discretionary trades in customers' accounts without the customers' prior written authorization and his member firm's acceptance of the accounts as discretionary. The findings stated that at Guggenheimer's previous member firm, his accounts operated on a fee-based, discretionary model, but when many of his customers transferred their accounts to Guggenheimer's new member firm, these accounts were on the firm's personal advisor platform, which did not allow registered representatives to enter trades on a discretionary basis. Thus, although Guggenheimer's customers had previously provided verbal authority to place trades in their accounts, he did not have his clients' written discretionary trading authority at his new member firm. Nonetheless, Guggenheimer participated in effecting trades in firm customers' accounts without the customers being contacted prior to the trades. The findings also stated that Guggenheimer completed firm questionnaires in which he answered "no" to the question whether he had entered trades prior to speaking with a client (other than an approved firm discretionary platform).

The suspension is in effect from September 8, 2014, through December 7, 2014. ([FINRA Case #2012034479801](#))

**Arhonda T'Lene Guinn** ([CRD #4401132](#), Vero Beach, Florida) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Guinn consented to the sanction and to the entry of findings that she converted \$12,100 from a customer's account at her member firm for her own use and benefit. The findings stated that without the customer's knowledge or consent, Guinn transferred \$12,100 from the customer's firm account to a bank account belonging to her landlord. To facilitate the transfer, Guinn falsified a Letter of Authorization the customer had previously signed. Upon the transfer, the customer's funds were used to pay six months of rent for Guinn. ([FINRA Case #2014041192301](#))

**Richard Happle** ([CRD #1095540](#), St. Petersburg, 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 10 business days. Without admitting or denying the findings, Happle consented to the sanctions and to the entry of findings that he failed to execute a customer trade order. The findings stated that Happle's customer instructed him to sell all shares of a stock held in his account at the market open the following day. The next day, Happle decided not to sell the customer's shares at the market open because the stock price was rapidly declining and he therefore wanted to discuss the decision to sell with the customer. Later in the morning, when the customer learned that Happle had not sold his shares at the market open, he instructed Happle to immediately sell his shares. In the period between the market open and Happle's execution of the sell order, the price of the shares fell significantly. Consequently, the customer received approximately \$28,000 less in proceeds from the sale of his stock. Happle and his member firm subsequently compensated the customer for his losses.

The suspension was in effect from September 2, 2014, through September 15, 2014. ([FINRA Case #2012034739701](#))

**Daniel Ray Hartley** ([CRD #1141270](#), Portage, Michigan) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Hartley consented to the sanctions and to the entry of findings that he solicited a loan from a customer for \$150,000, but structured the loan as a promissory note between the customer and Hartley's wife. The findings stated that Hartley's member firm prohibited its representatives from receiving loans from customers. The findings also stated that Hartley failed to disclose to his firm and on his Form U4 four IRS liens filed against him.

The suspension is in effect from September 2, 2014, through November 1, 2014. ([FINRA Case #2012035213701](#))

**Shan Shan He** ([CRD #6125385](#), New York, New York) 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 18 months. Without admitting or denying the findings, He consented to the sanctions and to the entry of findings that she took the Series 7 (General Securities Representative Qualification Examination) licensing examination, and during the examination, was in possession of unauthorized test-related materials during a restroom break.

The suspension is in effect from August 18, 2014, through February 17, 2016. ([FINRA Case #2013037947001](#))

**Patrick Eugene Herndon** ([CRD #1501000](#), Newburyport, Massachusetts) 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, Herndon consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a Federal tax lien and willfully failed to amend his Form U4 to disclose another Federal tax lien.

The suspension is in effect from August 18, 2014, through November 17, 2014. ([FINRA Case #2013037806801](#))

**Nancy Sue Hogan** ([CRD #3170359](#), Jeffersonville, Indiana) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hogan consented to the sanction and to the entry of findings that she failed to respond to FINRA requests to provide information regarding FINRA's investigation into allegations that she misappropriated funds from several of her member firm's customers and a bank. ([FINRA Case #2014040699201](#))

**Tony Chia Huang** ([CRD #3125448](#), Eastvale, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Huang consented to the sanction and to the entry of findings that he participated in a scheme to falsify life insurance applications by forging customer signatures on insurance applications and impersonating customers during quality assurance calls. The findings stated that in furtherance of the scheme to falsify the life insurance applications, Huang arranged for fluid samples belonging to people other than the insurance applicants to be submitted in place of the actual customers' fluid samples. As a result of this scheme, Huang knowingly submitted, or caused to be submitted, life insurance applications containing false information. ([FINRA Case #2013035252901](#))

**Joseph Kennon Jayne** ([CRD #2359927](#), Needham, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jayne consented to the sanction and to the entry of findings that he signed a customer's name, or had it signed, on firm documents for authorizing wire transfers of funds, authorizing the rollover of funds from other investment firms, and authorizing purchases of investments in non-traded REITs. The findings stated that Jayne's member firm's WSPs forbade its representatives from signing documents on a client's behalf under any circumstances. While the customer requested the wire transfers of funds and knew about the rollovers, the customer did not complete the documents and did not authorize Jayne to sign her name to the documents, several of which contained inaccurate information. Jayne affixed the customer's signature to applications to purchase non-traded REITs without the customer's authorization, knowledge or consent to submit such applications. In fact, the customer had never even discussed investing in non-traded REITs with Jayne. Jayne's forgeries caused his firm's books and records to be inaccurate. ([FINRA Case #2013036416001](#))

**Glen Scot Jones** ([CRD #5069295](#), Covington, Kentucky) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Jones consented to the sanctions and to the entry of findings that he improperly caused three fraudulent wire disbursements totaling \$243,350 to be transferred from the account of a customer of his member firm to third-party bank accounts. The findings stated that Jones processed the wire disbursements based on emailed instructions that he received from an imposter who hacked into the customer's email account. As part of processing the wire disbursements, Jones falsely attested in the firm's internal systems and verbally represented to firm personnel that he had verbally confirmed the wire disbursements with the customer when he had not done so. The firm's written policies and procedures required verbal confirmation with customers for all disbursement requests. Jones caused the firm to maintain inaccurate books and records in connection with the wire disbursements.

The suspension is in effect from August 18, 2014, through October 16, 2014. ([FINRA Case #2013038815501](#))

**Marc Neil Kalter** ([CRD #1998911](#), Great Neck, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 10 business days. In light of Kalter's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Kalter consented to the sanction and to the entry of findings that together with two other registered representatives, he attempted to settle a customer complaint away from their member firm by agreeing to jointly pay \$4,000 to the customer and by sending \$1,500 in cash to the customer in furtherance of the settlement agreement without the firm's knowledge or consent.

The suspension was in effect from September 15, 2014, through September 26, 2014. ([FINRA Case #2012034393402](#))

**James M. Katayanagi** ([CRD #4890437](#), Port Washington, New York) 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, Katayanagi consented to the sanction and to the entry of findings that he misappropriated approximately \$14,100 from bank customers. The findings stated that in his role as a personal banker, Katayanagi had access to the computer system of his member firm's affiliated bank and to blank temporary automatic teller machine (ATM) cards that could be issued to bank customers. Katayanagi created temporary ATM cards that enabled him to gain access to customer bank accounts. Katayanagi created personal identification numbers (PINs) for each card and withdrew funds from the customers' bank accounts at ATMs for his own personal use. Katayanagi did not have the bank customers' authorization to withdraw funds from their accounts. As a result of this misconduct, Katayanagi was arrested and charged with Grand Larceny in the Third Degree—a felony—and later pled guilty to a misdemeanor charge of petit larceny. After fulfilling certain conditions of the plea, Katayanagi subsequently re-pled to disorderly conduct. ([FINRA Case #2013035572001](#))

**Michael Gerard Kirwan** ([CRD #270892](#), Yardley, Pennsylvania) 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, Kirwan consented to the sanctions and to the entry of findings that he signed a customer's name on three documents in order to process a wire transfer that he believed the customer had authorized. The findings stated that Kirwan received an email that he thought was from a longstanding customer stating that he was sick and on his way to the hospital and needed the information necessary to process a domestic, third-party wire transfer. This request, however, was from an imposter who had hacked into the customer's email account. The firm's procedures prohibited signing a customer's name on account documentation and forms with or without the customer's consent, but Kirwan nevertheless signed the customer's name to three documents in order to process the requested \$29,950 wire transfer. After the wire transfer had been processed, the actual customer contacted Kirwan and asked about it. Kirwan then contacted his member firm's compliance department

about the fraudulent transfer and the firm reimbursed the customer the amount of the transfer. The findings also stated that by signing the customer's name to the documents, Kirwan caused his firm's books and records to be inaccurate.

The suspension is in effect from September 2, 2014, through November 1, 2014. ([FINRA Case #2013035449401](#))

**Jonathan Kohanof** ([CRD #5470296](#), Los Angeles, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kohanof provided false information to FINRA when interviewed in connection with an insider-trading investigation. ([FINRA Case #2011027516801](#))

**Daniel Alexander Kwiatkowski** ([CRD #1443507](#), Salisbury, Maryland) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Kwiatkowski consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose felony theft charges against him.

The suspension is in effect from September 2, 2014, through March 1, 2015. ([FINRA Case #2013037774601](#))

**Jason Price Lamb** ([CRD #3248356](#), Hermitage, Tennessee) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Lamb consented to the sanctions and to the entry of findings that he failed to supervise certain sales of a renewable secured debenture, an illiquid and high-risk alternative investment, totaling approximately \$770,000 to nine customers. The findings stated that despite the presence of red flags, Lamb failed to take reasonable steps to ensure the debenture sales were suitable or had been accurately represented to customers. Lamb approved the debenture purchases without adequately considering whether those purchases were consistent with the customers' investment objectives, risk tolerances, financial conditions, ages or liquidity needs.

The suspension is in effect from September 2, 2014, through November 1, 2014. ([FINRA Case #2012034936003](#))

**Scott Howard Lane** ([CRD #2069843](#), Moseley, Virginia) 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, Lane consented to the sanctions and to the entry of findings that he altered a document that had already been signed by a customer of his member firm and cut-and-pasted the signature of a non-firm customer. The findings stated that one of Lane's customers completed the risk tolerance portion of a new account form associated with an application for a REIT. Subsequently, Lane altered the risk tolerance section and the date on the form, and then submitted the form to his firm for

approval. Although Lane had obtained the customer's approval to make these changes, the firm refused to accept the application because of these alterations. Lane also attempted to assist a non-firm customer in completing an indirect rollover for an annuity. In the course of the process, Lane cut-and-pasted the non-firm customer's signature onto the new account and annuity suitability form so as to expedite the approval. Lane subsequently submitted the annuity application directly to an insurance company without first sending it to the firm for a suitability review as the firm's procedures required.

The suspension is in effect from September 15, 2014, through November 14, 2014. ([FINRA Case #2013038926501](#))

**Barry Thomas Larkin (CRD #4348239, Matawan, 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 45 days. Without admitting or denying the findings, Larkin consented to the sanctions and to the entry of findings that he failed to provide written notice to his member firm prior to engaging in outside business activities. The findings stated that Larkin did not provide his firm with written notice at any point during his association with the firm regarding his outside business activities or his receipt of compensation and expense reimbursements totaling \$25,500.

The suspension was in effect from August 18, 2014, through October 1, 2014. ([FINRA Case #2013037033501](#))

**Kent George Lehman (CRD #5071373, Orange, California)** was barred from association with any FINRA member in any capacity. The National Adjudicatory Council (NAC) dismissed Lehman's appeal as abandoned. The sanction was based on findings that Lehman failed to provide FINRA with requested information and documents. The findings stated that Lehman improperly borrowed money from a customer and then falsely represented to his member firm in a sales questionnaire that he had not. The customer was not a member of Lehman's family and Lehman did not notify or submit any request to his firm for approval to borrow money from the customer. The firm prohibited borrowing from any client unless the client was a family member and the borrowing arrangement was submitted to the branch manager for pre-approval. Lehman failed to comply with the firm's written policies and procedures. ([FINRA Case #2011029916501](#))

**John Roy Logan (CRD #2801958, Tupelo, Mississippi)** submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Logan consented to the sanctions and to the entry of findings that he borrowed \$400,000 from a customer of his member firm without obtaining prior written approval from the firm's compliance department for the loan he received from the customer, which his firm's WSPs required. The findings stated that the loan did not fall within the scope of any of the exceptions identified in the firm's WSPs or FINRA Rule 3240. Logan repaid approximately \$25,000 of the loan, and has an agreement in place to repay the remaining balance in full.

The suspension is in effect from September 2, 2014, through June 1, 2015. ([FINRA Case #2012034071701](#))

**Jose Fernando Lozano (CRD #5619625, Miami, 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, Lozano consented to the sanctions and to the entry of findings that he affixed customer signatures to wire transfer instructions in order to help effectuate a bona fide transfer of funds from the customers' account to a third party for the purchase of real property. The findings stated that two of the three customers signed a Letter of Authorization (LOA) that included wire instructions authorizing the transfer of \$150,000 from the custody broker-dealer directly to the seller of the real property. The custody broker-dealer declined to transfer the funds because the outgoing wire transfer was to be sent to a third-party recipient. The next day, Lozano drafted another LOA that included wire instructions authorizing the transfer of the \$150,000 from the custody broker-dealer to his member firm after which the firm could send the outgoing third-party wire transfer. Instead of obtaining the customers' signatures for the second LOA, but with the verbal authorization of one of the customers, Lozano affixed photocopies of the two customers' signatures from the first LOA onto the second LOA. The \$150,000 was thereafter transferred from the custody broker-dealer to Lozano's firm.

The suspension was in effect from September 15, 2014, through October 14, 2014. ([FINRA Case #2013037407801](#))

**Michael Evan Mannasse (CRD #4838998, Teaneck, New Jersey)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mannasse consented to the sanction and to the entry of findings that he filed false fraud claims regarding unauthorized transactions on his personal debit card. The findings stated that these false claims resulted in Mannasse's employing bank crediting \$4,325.42 back to his bank account. Mannasse admitted to the conduct shortly after the bank discovered the false fraud claims. ([FINRA Case #2014040814201](#))

**Ramona Catherine Massimo (CRD #2862818, Rio Rancho, New Mexico)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Massimo, through unauthorized, forged checks made payable to herself and unauthorized credit card purchases, obtained funds and property totaling approximately \$102,047. The findings stated that Massimo withdrew funds from the branch office checking account, without authority, by forging her supervisor's signature on checks payable to herself. The findings also stated that Massimo converted funds by improperly charging, without her supervisor's approval, personal expenses on the business credit card the branch office had issued to her. ([FINRA Case #2012032117701](#))

**Laura J. McSparren** ([CRD #1738773](#), Durango, Colorado) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, McSparren consented to the sanctions and to the entry of findings that she submitted three falsified expense reports to her member firm, containing claims for \$20,500, along with falsified supporting documents purporting to substantiate those expenses. The findings stated that because these false expense reports and supporting documentation became part of the firm's records, McSparren caused the creation of false books and records.

The suspension is in effect from September 2, 2014, through June 1, 2015. ([FINRA Case #2013037217701](#))

**Blair Christopher Mielke** ([CRD #1878222](#), Evansville, Indiana) and **Frederick William Shultz** ([CRD #5239977](#), Evansville, Indiana) were barred from association with any FINRA member in any capacity. The NAC affirmed the findings, in relevant part, and modified the sanctions imposed by the Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Mielke and Shultz participated in undisclosed private securities transactions, engaged in undisclosed outside business activities and made misstatements on their firm's compliance questionnaires when they failed to disclose their outside business activities. The sanctions also were based on findings that Mielke failed to respond completely and timely to FINRA's requests for information and documents, and that Shultz caused his firm to maintain inaccurate books and records, misused customer funds by misallocating them to a limited liability company as profits, and failed to appear timely for FINRA on-the-record testimony.

This matter has been appealed to the SEC and the sanctions are in effect pending review. ([FINRA Case #2009019837302](#))

**Frederick I. Milbert** ([CRD #2589975](#), Elkins Park, 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, Milbert consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a misdemeanor criminal charge, and failed to disclose a state tax lien, a Federal tax lien and a civil judgment on his Form U4.

The suspension is in effect from September 2, 2014, through December 1, 2014. ([FINRA Case #2013037063101](#))

**Joshua Craig Miracle** ([CRD #4311488](#), Akron, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Miracle consented to the sanction and to the entry of findings that in accommodation to his customers, he forged five customers' signatures or initials on account opening agreements and disclosure documents relating to the purchase of securities. The findings stated that Miracle willfully failed to timely disclose a compromise

with creditors on his Form U4. The findings also stated that Miracle failed to respond to a request for information from FINRA, which sought additional information relating to the forgery of customer initials and signatures on account opening agreements and disclosure documents. ([FINRA Case #2013037552501](#))

**John Joseph Misulia (CRD #5330650, New York, New York)** was barred from association with any FINRA member in any capacity. The NAC dismissed Misulia's appeal as abandoned. The sanction was based on findings that Misulia improperly used his corporate credit card to make personal purchases totaling \$5,683.31. The findings stated that Misulia's member firm never granted him permission to use the corporate credit card for personal expenses. The firm paid for the personal charges that Misulia incurred on his corporate credit card. Despite two written demands from the firm, Misulia never reimbursed it for the \$5,683.31 of personal expenses. ([FINRA Case #2011029262201](#))

**Dan Moss Jr. (CRD #341422, Atlanta, Georgia)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Moss consented to the sanction and to the entry of findings that he violated his member firm's WSPs by failing to disclose that his elderly customer had named him as the primary beneficiary of her estate, and that the customer had granted Moss' wife general power-of-attorney, granted Moss successor power-of-attorney, and named Moss' wife as executrix of the customer's estate. The findings stated that Moss' failure to disclose his beneficiary status and the fiduciary positions he and his wife held prevented the firm from addressing conflicts of interest and from preventing any exploitation of Moss' relationships with customers. The findings also stated that Moss failed to respond fully to FINRA's requests for information in connection with its investigation concerning his failure to disclose his fiduciary status. Moss' counsel advised FINRA that Moss would not provide the outstanding information to FINRA. ([FINRA Case #2013036319301](#))

**Pamela Grace Musiimire (CRD #5125577, New York, New York)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Musiimire consented to the sanction and to the entry of findings that she converted more than \$14,600 in customers' bank funds for her personal use. The findings stated that Musiimire opened a checking account, booked a \$5,000 bank loan, and issued an ATM card for a bank customer without the customer's authorization. Musiimire converted the loan proceeds for her own use by withdrawing all but \$3 of the \$5,000 bank loan from the customer's account, in part by using the ATM card she created. Musiimire booked a \$10,000 installment loan and generated an ATM card for another customer's account without the customer's authorization. Musiimire then opened a second account in the customer's name and generated an ATM card for that account without the customer's authorization. Musiimire converted for her personal use more than \$9,600 by withdrawing funds from the two accounts using the ATM cards she created. The findings also stated that Musiimire provided false statements and testimony to FINRA during the course of its investigation into one of the loans. In two written responses and during

testimony, Musiimire falsely stated that her actions in connection with the loan were authorized by another customer with the same name, but undertaken by mistake in the wrong account. ([FINRA Case #2013036970701](#))

**Thomas Askew Oliphant** ([CRD #352031](#), Waxahachie, Texas) 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 days. Without admitting or denying the findings, Oliphant consented to the sanctions and to the entry of findings that he borrowed \$60,000 from two related customers of his member firm, neither of whom were members of his immediate family. The findings stated that Oliphant did not disclose the loans to his firm and he never received his firm's approval for the loans. The firm's written procedures prohibited registered employees from borrowing from any firm customers who were not immediate family members. Oliphant fully repaid the loans.

The suspension was in effect from August 18, 2014, through September 16, 2014. ([FINRA Case #2014040776301](#))

**Brendan John Osweiler** ([CRD #5977793](#), Plainfield, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Osweiler consented to the sanction and to the entry of findings that he forged the signature of an elderly firm customer on two checks payable to the customer. The findings stated that without the customer's consent or knowledge, Osweiler deposited one of the checks in the amount of approximately \$1,366 into his own bank account, converting and improperly using these funds for his own personal use. Osweiler attempted to convert approximately \$8,230 by trying to deposit the second check payable to the customer into his own bank account. Osweiler made misrepresentations in an effort to complete the deposit of the check into his personal bank account but the bank became suspicious. After the bank rejected the deposit of the second check, Osweiler repaid the customer approximately \$1,366. ([FINRA Case #2014041710401](#))

**Ane S. Plate** ([CRD #1977401](#), Deland, Florida) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Plate consented to the sanction and to the entry of findings that she effected 15 unauthorized trades in a customer's member firm account, resulting in cash proceeds of \$176,080. The findings stated that Plate then facilitated the transfer of approximately \$176,000 in cash to the customer's retail bank account. Plate arranged for 15 checks, payable to her, to be issued from the customer's bank account, and deposited all 15 checks, totaling \$132,358, into her own bank account for her personal use and benefit. Plate arranged for bi-weekly transfers from the customer's firm account to a bank account that belonged to her relative. Plate transferred \$7,700 from the customer's firm account to her relative's account. ([FINRA Case #2014041705101](#))

**Jimmy Earl Power Jr. (CRD #3045120, Fayetteville, Arkansas)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Power consented to the sanction and to the entry of findings that he misused \$5,000 in customer funds. The findings stated that Power told the customers, a married couple and two business partners, that he had undercharged them for fees related to trading in their brokerage accounts and requested that the customers issue checks to him to pay fees that were owed to him. As a consequence, the married couple issued three checks totaling \$4,500 to Power to be used to pay fees owed for trades in their accounts. The business partners issued one check in the amount of \$500 to Power, to be used to pay fees owed for trades in their account. The firm had charged the customers appropriate commissions for trades in their firm accounts, and no other amounts were due as a result of trades Power had executed. Rather than apply the funds to the customers' accounts, Power made personal use of the funds without the customers' knowledge or consent. ([FINRA Case #2013038800201](#))

**Edwin Quinones (CRD #2014200, South Boston, Massachusetts)** 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 six months. Without admitting or denying the findings, Quinones consented to the sanctions and to the entry of findings that he failed to detect, properly respond to, and report multiple red flags indicative of potentially suspicious activity related to several of his customers. The findings stated that the customers would often deposit large blocks of shares of the same penny stock into their accounts at Quinones' member firm at or around the same time. Subsequently, they would liquidate those positions and transfer the proceeds out of their accounts without any re-investment. Sales of the stock occurred over multiple dates with several customers having multiple sells, in blocks of 10,000 shares or less, on the same day. The money was sent out by wire to accounts in the name of the customer or by check to the customer. Quinones received high commissions from the sales of these penny stocks. Several of these individuals had criminal backgrounds and alleged ties to organized crime. The customers would email each other to coordinate their plans for buying and selling, and included Quinones in those emails. The firm's procedures instructed representatives to report any violations of the firm's AML compliance program and stated that "[w]hen a member of the firm detects any red flag he or she will investigate further under the direction of the AML Compliance Officer."

The suspension is in effect from August 18, 2014, through February 17, 2015. ([FINRA Case #2011025444502](#))

**Mehran Sadri (CRD #2256323, Irvine, 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 two months. Without admitting or denying the findings, Sadri consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a tax lien.

The suspension is in effect from August 18, 2014, through October 17, 2014. ([FINRA Case #2012034400901](#))

**Grisel Saez (CRD #4406648, Kailua, Hawaii)** 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 three months. Without admitting or denying the findings, Saez consented to the sanctions and to the entry of findings that on three occasions, she electronically signed account-opening documents for customers without their knowledge or consent. The findings stated that these account-opening documents became part of her member firm's books and records, making it appear that each customer had acknowledged certain disclosures and had made certain representations. As a result, Saez caused her firm's books and records to be inaccurate.

The suspension is in effect from August 18, 2014, through November 17, 2014. ([FINRA Case #2012034811001](#))

**Sally Samaris (CRD #2957114, Woodland 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, Samaris consented to the sanction and to the entry of findings that she failed to provide FINRA-requested documents and information, and to appear for testimony. The findings stated that FINRA requested documents and information concerning topics including a completed criminal matter and a pending criminal matter, both related to a mortgage fraud scheme. Samaris had previously complied with FINRA's requests for information. Samaris, through her attorney, advised FINRA that she would not appear for testimony or further respond to requests for information and documents. ([FINRA Case #2012034686801](#))

**Ned Michael Shanahan (CRD #1438885, Danville, Pennsylvania)** submitted an AWC in which he was assessed a deferred fine of \$15,000, suspended from association with any FINRA member in any capacity for 12 months and barred from association with any FINRA member in any principal capacity. Without admitting or denying the findings, Shanahan consented to the sanctions and to the entry of findings that he provided FINRA with false documentation in connection with its examination of his member firm. The findings stated that Shanahan signed and backdated customers' introductory cover letters (to the day he believed he should have mailed the correspondence) and placed them in the files provided to FINRA. Shanahan ultimately acknowledged that the letters (and attachments) were never actually mailed. Shanahan prepared and produced documents purporting to evidence the participation of registered persons in annual compliance meetings or interviews. The interviews/meetings had not occurred. Shanahan created and backdated annual certifications and related annual reports, and admitted signing the name of the firm's former Chief Executive Officer on the three annual reports. Shanahan provided FINRA with documents related to branch audits that purportedly occurred, when the audits had not occurred.

The suspension is in effect from September 2, 2014, through September 1, 2015. ([FINRA Case #2013037841701](#))

**Travis Sherwood Shannon** ([CRD #2302453](#), Santa Barbara, California) submitted an AWC in which he was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for two years and ordered to pay deferred disgorgement in the amount of \$138,500, plus interest. Without admitting or denying the findings, Shannon consented to the sanctions and to the entry of findings that he engaged in two outside business activities without providing prompt or prior written notice to his member firm. The findings stated that Shannon participated in private sales of \$1,885,000 worth of securities, including securities issued by his two outside business activities. Shannon did not notify his firm of, or obtain its approval to participate in, any of the private security sales. The findings also stated that Shannon willfully failed to timely amend his Form U4 to report two bankruptcy filings and completely failed to report another bankruptcy.

The suspension is in effect from September 2, 2014, through September 1, 2016. ([FINRA Case #2012035196601](#))

**Swan Sihua Shen** ([CRD #3036612](#), Andover, Massachusetts) 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 one month. Without admitting or denying the findings, Shen consented to the sanctions and to the entry of findings that she used copy and paste to place non-genuine signatures of four separate customers on two mutual fund order forms (MFOFs) and one account application. The findings stated that Shen learned that the version of the new account application form she used was outdated and rejected by her member firm's home office. Shen then copied and pasted a customer's signature onto the updated form and resubmitted it. Before resubmitting it, Shen also corrected an apparent error on the form; the prior form had indicated the customer was a student, when she was, in fact, retired. Shen was also notified that there was information missing from a MFOF and that she needed to resubmit an updated version of the form by a deadline set by the home office. Shen then copied and pasted the signatures of customers onto the new form, which contained substantially the same information as the prior form. Similarly, after not receiving a signed MFOF back from another customer, Shen copied and pasted the customer's signature from an old MFOF onto the new MFOF and submitted it.

The suspension was in effect from August 18, 2014, through September 17, 2014. ([FINRA Case #2013037539401](#))

**Vanessa Singh** ([CRD #6079733](#), Sunnyside, New York) 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 18 months. Without admitting or denying the findings, Singh consented to the sanctions and to the entry of findings that she was in possession of unauthorized test-related materials during her Series 66 licensing examination.

The suspension is in effect from August 4, 2014, through February 3, 2016. ([FINRA Case #2012034830101](#))

**Craig Shiver Smith** ([CRD #3103610](#), Birmingham, Alabama) 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 engaged in unauthorized trades in connection with a customer's account, and exercised time and price discretion with respect to trades without written authority. The findings stated that a customer of his member firm instructed him to immediately sell the equities positions in his account, which totaled approximately \$64,000. Instead of doing as the customer requested, Smith used discretion to sell certain of the customer's holdings. Smith performed the unauthorized trades in order to generate commissions. Smith did not have written discretionary authority for the customer's account, and firm policy prohibited him from exercising discretion in the type of account the customer held. ([FINRA Case #2013038196001](#))

**Leroy T. Smith III** ([CRD #5232930](#), Louisville, Kentucky) 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, Smith consented to the sanctions and to the entry of findings that on multiple occasions, without a customer's knowledge or consent, he forged the customer's initials and/or signature on documents necessary for the customer to purchase a variable annuity, and on a contract delivery receipt despite the fact the customer had not received the contract for the variable annuity. The findings stated that throughout this period, Smith's member firm had a policy prohibiting representatives from signing a client's initials or signature on a document.

The suspension is in effect from August 18, 2014, through October 17, 2014. ([FINRA Case #2013037266401](#))

**Andrew Scott Taubman** ([CRD #4433933](#), Weston, Florida) 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 six months. Without admitting or denying the findings, Taubman consented to the sanctions and to the entry of findings that he failed to timely disclose an outside business activity. The findings stated that while Taubman disclosed his association with the outside business activity to his member firm, the disclosure was untimely and should have been disclosed from the commencement of his employment with his firm. The outside business activity was never disclosed on any Form U4 with another member firm. The findings also stated that FINRA discovered nine other businesses that Taubman was affiliated with that he failed to disclose to his firm or include on his Form U4. Taubman completed annual certification and acknowledgement questionnaires in which he represented that his Form U4 was accurate and complete, and further represented that his outside business activities disclosures were accurate. Taubman failed to submit any written notice of the nine other outside business activities in which he engaged, and represented to his firm that his Form U4 was accurate and complete, when it failed to list multiple other businesses in which he was engaged.

The suspension is in effect from August 18, 2014, through February 17, 2015. ([FINRA Case #2013035761501](#))

**David Ray Taylor (CRD #4133415, Edmonds, 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 six months. Without admitting or denying the findings, Taylor consented to the sanctions and to the entry of findings that he engaged in an outside business activity and participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Taylor and his business partner formed a company of which Taylor served as its president, and received compensation in the form of expense reimbursements and a salary. The findings also stated that Taylor sold securities totaling \$395,000 to investors in a series of transactions. The securities consisted of the company's membership units, and the transactions occurred outside the regular course and scope of Taylor's employment with the firm.

The suspension is in effect from August 18, 2014, through February 17, 2015. ([FINRA Case #2012033574301](#))

**Ronald Willard Vaught (CRD #2605545, Melbourne, Florida)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vaught consented to the sanction and to the entry of findings that he failed to disclose an outside business activity to his member firm. The findings stated that Vaught failed to update an elderly customer's firm Trustee Certification form to disclose amendments to her living trust agreement and identify himself as the successor trustee and beneficiary. Upon the customer's death, Vaught became trustee to the trust. Vaught was aware that firm policy required disclosure and written approval prior to engaging in any outside activity, and that the firm prohibited representatives from serving as trustee to a firm customer. Despite this awareness, Vaught acted as trustee for the trust without prior notice to, or authorization from, the firm. Vaught disclosed his role as trustee only after the firm confronted him.

The findings also stated that Vaught falsified, or caused to be falsified, the signature of the customer and the signature date on a business-related form. The customer could not have signed and dated the form, or authorized Vaught to sign and date on her behalf, because she was deceased. Vaught violated firm policy by falsifying or causing to be falsified the customer's signature on a document without her authorization, and altering the signature date.

The findings also included that Vaught converted funds from the trust by improperly making a distribution to his daughters from the trust without first deducting prior monetary gifts as required by the trust and by making distributions to himself that were not authorized by the trust. The customer intended all monetary gifts given to Vaught's

daughters during her lifetime to be deducted from the amount distributed to each daughter pursuant to the trust. Vaught's \$150,000 distribution to his daughters failed to comport with the customer's intended use of the funds because Vaught failed to deduct volleyball dues payments the customer had made for the benefit of his daughters. Vaught improperly retained \$6,860 to which he was not entitled from the trust funds. Vaught also made four payments totaling \$42,599.74 for his own benefit from the trust funds. The trust did not authorize these payments. ([FINRA Case #2014040379101](#))

**Terence Douglas Welsh** ([CRD #2270902](#), Newport Beach, California) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Welsh consented to the sanctions and to the entry of findings that he failed to file or timely file amendments to his Form U4 to disclose various tax liens.

The suspension was in effect from August 18, 2014, through October 1, 2014. ([FINRA Case #2012031920601](#))

**David Robert Wolk** ([CRD #2945630](#), New York, New York) submitted an AWC in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Wolk consented to the sanctions and to the entry of findings that together with two registered representatives, he attempted to settle a customer complaint away from their member firm without the firm's knowledge or consent by agreeing to jointly pay the customer \$4,000.

The suspension was in effect from September 15, 2014, through September 26, 2014. ([FINRA Case #2012034393403](#))

**Michael David Zukowski** ([CRD #1922539](#), Dennis, Massachusetts) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Zukowski's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Zukowski consented to the sanction and to the entry of findings that he recommended unsuitable transactions in inverse and inverse-leveraged exchange-traded funds (non-traditional ETFs) to customers, without performing reasonable diligence to understand the risks and features of the non-traditional ETFs. The findings stated that certain of the recommendations were also unsuitable on a customer-specific basis. Zukowski recommended some non-traditional ETF purchase transactions to customers who had investment objectives of conservative growth and long-term growth. The customers at issue lost approximately \$1,094,490 on these investments.

The suspension is in effect from August 18, 2014, through February 17, 2015. ([FINRA Case #2011027660701](#))

## Individuals Fined

**Edward Thomas Hill** ([CRD #2262864](#), Kingston, New York) submitted an AWC in which he was censured and fined \$5,000. Without admitting or denying the findings, Hill consented to the sanctions and to the entry of findings that he removed documents regarding approximately 46 customers that contained nonpublic personal information from his member firm in anticipation of his move to a new member firm. The findings stated that this conduct was not in compliance with SEC Regulation S-P or the firm's WSPs, which indicated its employees must not take confidential information when leaving the firm. Hill transported the documents from the offices of the firm in his vehicle and stored the nonpublic customer information at issue in his home and then at a locked personal storage facility, thereby placing the records at risk. The firm recovered the client documents from Hill. ([FINRA Case #2013036393901](#))

## Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of August 31, 2014. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

**Keith Douglass Geary** ([CRD #2996679](#), Edmond, Oklahoma) was fined a total of \$30,000, suspended from association with any FINRA member in any capacity for 30 business days and 60 calendar days, to run consecutively, and barred from association with any FINRA member in any principal capacity or supervisory capacity. The sanctions were based on findings that in two separate instances, Geary displayed a reckless, if not knowing, disregard for his member firm's net capital requirements, and permitted his firm to continue operating a securities business when it did not have the required minimum net capital. The findings stated that in connection with the first violation, Geary caused the net capital violation. Geary acquired in the firm's account almost \$77 million in collateralized mortgage obligations (CMOs) without having a buyer for the CMOs, although the firm did not have the money to pay for the CMOs. Geary did so despite having been warned by the firm's FINOP that the firm could not do such a transaction. Although the violation was for only two days, if Geary had been permitted to implement his plan, it would have continued for weeks. Geary only remedied the deficiency at the FINOP's insistence. The findings also stated that in connection with the second violation, Geary knew that the firm's net capital was steadily declining and dangerously low, and was later informed that the firm's net capital had fallen below the required minimum. Nevertheless, the firm continued doing business without the required minimum net capital for 13 days, while Geary struggled to find money to cover the shortfall. During the period of the deficit, Geary was involved in discussions with the FINOP regarding what to do. Geary knew that the firm should

stop doing business if it did not have the minimum net capital. The firm's WSPs expressly provided that the firm had to stop doing business if its net capital fell below the required minimum. Geary attempted to shift blame to the firm's FINOP for the failure to stop doing business, but the decision was, ultimately, Geary's. Geary simply ignored the requirement to stop doing business.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2009020465801](#))

## 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.

**Aegis Capital Corp. ([CRD #15007](#), New York, New York), Kevin Charles McKenna ([CRD #1343870](#), West Islip, New York) and Charles David Smulevitz ([CRD #5099387](#), Flushing, New York)** were named respondents in a FINRA complaint alleging that the firm liquidated nearly 3.9 billion shares of microcap stocks that customers deposited into their accounts at the firm. The complaint alleges that the shares were not registered with the SEC, nor were the transactions exempt from registration. From the illicit sales, the customers generated over \$24.5 million in proceeds and the firm collected over \$1.1 million in commissions. The sales of the microcap stocks by the customers, which amounted to a significant percentage of the outstanding shares of each stock, were a part of plans or schemes to evade the registration requirements of Section 5 of the Securities Act of 1933. The firm failed to conduct a reasonable searching inquiry to determine if the sales of the shares of the stocks were exempt from registration under Section 5. The complaint also alleges that the firm, as well as McKenna and Smulevitz, during their respective tenures as the firm's chief compliance officer (CCO), failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5 for sales of unregistered, microcap stocks; and failed to conduct reasonable and meaningful inquiries of the circumstances surrounding the sales of the unregistered, microcap stocks by firm customers. The firm, McKenna and Smulevitz performed inadequate inquiries on the supposed registration exemptions for sales of the microcap stocks, despite the presence of red flags indicating that the sales were or could be illicit distributions of unregistered stocks. Although the firm, McKenna and Smulevitz collected some documents and information about the transactions, they failed to adequately and meaningfully analyze the collected documents and information, and to independently verify the provided information. In reality, their collection efforts merely served to "paper the file" for the

firm's dubious microcap stock liquidation business. The firm, McKenna and Smulevitz did not require complete documentation in support of the proposed deposit of unregistered securities to fully trace the shares directly back to the issuer as long as the documents made reference to the origin of the shares. The firm, McKenna and Smulevitz simply took customers' representations about the origin of their shares of unregistered, microcap stocks at face value, with little or no independent verification.

The complaint further alleges that the firm, as well as McKenna and Smulevitz during their respective tenures as the firm's AML Compliance Officer (AMLCO), also failed to adequately implement the firm's AML program and AML policies and procedures reasonably expected to detect and cause the reporting of suspicious transactions under the Bank Secrecy Act and its implementing regulation. The activity in the microcap stocks by the firm's customers should have raised red flags indicative of potential suspicious activity related to unregistered distributions and market manipulation. Because of these failures, the firm, McKenna and Smulevitz did not make a reasoned determination whether or not to report the suspicious transactions to the Financial Crimes Enforcement Network (FinCEN) by filing a Suspicious Activity Report (SAR), as appropriate. ([FINRA Case #2011026386001](#))

**Richard George Atkison Jr. (CRD #2722072, Dumont, New Jersey)** was named a respondent in a FINRA complaint alleging that he failed, and in one instance, willfully failed, to timely amend his Form U4 to disclose two outstanding civil judgments that were filed against him. ([FINRA Case #2012033378501](#))

**Andrew Henry Conley (CRD #1419304, Riverside, California)** was named a respondent in a FINRA complaint alleging that while associated with two member firms, he willfully failed to timely amend his Form U4 to disclose tax liens and a judgment. ([FINRA Case #2012033614501](#))

**Artak Daldumyan (CRD #2818761, Burbank, California)** was named a respondent in a FINRA complaint alleging that he failed to timely disclose private securities transactions to his member firm. The complaint alleges that Daldumyan made personal investments in a real estate limited liability company, for which he received 35 percent ownership stake, and a private placement in a small, local bank, of which he served on the board of directors and received monthly compensation, without previously disclosing the transactions to his firm. The complaint also alleges that Daldumyan failed to provide prompt or prior written notice to his firm that he engaged in activities with four outside businesses. The complaint further alleges that Daldumyan failed to disclose a judgment lien on his Form U4. ([FINRA Case #2012033074202](#))

**Anthony Joseph DeBlase (CRD #1308014, Coltsneck, New Jersey)** was named a respondent in a FINRA complaint alleging that he failed to appear for an on-the-record interview in connection with FINRA's investigation into his apparent failure to disclose a felony criminal charge on his Form U4. The complaint alleges that DeBlase failed to update his Form U4 to disclose the felony charge with a member firm and failed to timely update his Form U4 to disclose the felony charge with another member firm. ([FINRA Case #2012034431401](#))

**Anthony Diaz** ([CRD #4131948](#), East Stroudsburg, Pennsylvania) was named a respondent in a FINRA complaint alleging that he did not have a reasonable basis for recommending that customers make variable annuity exchanges. The complaint alleges that Diaz failed to make an individualized assessment of the advantages and disadvantages of the recommended exchanges, and failed to understand the features of the variable annuity product. The complaint also alleges that Diaz falsified or caused the falsification of the reported net worth of customers in order to make it appear that they satisfied the minimum net worth requirements for certain alternative investments or the prohibitions against investing more than 10 percent of a customer's assets into a single illiquid product. Diaz misled or attempted to mislead his member firms and the alternative investment product issuers to believe that these customers were eligible to purchase the investments under the terms established when in fact they were not. Diaz attempted to induce an insurance company to transfer a customer's variable annuity to his control by altering or causing the alteration of the signature date on a transfer authorization form. The complaint further alleges that Diaz intentionally or recklessly made untrue statements of material fact by falsely telling five customers that one or more of the alternative investments were guaranteed to pay a specific rate of return, and by telling two customers that the investments were guaranteed. This conduct violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, NASD Rule 2120 and FINRA Rule 2020.

In addition, the complaint alleges that Diaz falsified his firm's books and records by creating variable annuity switch forms with false reasons for the exchanges. Diaz falsified or caused the use of falsification of net worth, income, assets and/or risk tolerance information for nine customers, and forged one customer's signature. Moreover, the complaint alleges that Diaz made unauthorized trades in of customers' accounts. Furthermore, the complaint alleges that Diaz, fired from four firms, routinely engaged in efforts to mislead his customers into believing that he had left firms voluntarily, both through affirmative statements and through his responses to questions about the circumstances under which he left the firms. ([FINRA Case #2011030254902](#))

**David Joseph Escarcega** ([CRD #4367584](#), Phoenix, Arizona) was named a respondent in a FINRA complaint alleging that he made false and misleading oral and written statements to customers in connection with their purchases of renewable secured debentures, which are an illiquid and high-risk alternative investment, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rule 2020. The complaint alleges Escarcega falsely told the customers that the debentures were safe, low-risk, liquid or guaranteed. The complaint also alleges that Escarcega made unsuitable recommendations to 12 customers to purchase a total of almost \$1.5 million of the debentures. Escarcega's recommendations to purchase the debentures were inconsistent with his elderly and retired customers' investment objectives and risk tolerances, and resulted in either an excessive concentration of the customers' total investable assets or net worth in a speculative and risky investment. Escarcega did not have a reasonable basis to believe that his recommendations were suitable. The complaint further alleges that Escarcega distributed a misleading sales brochure regarding the debentures to numerous

customers that omitted material facts and failed to provide a sound basis for evaluating the securities that were being offered. In addition, the complaint alleges that Escarcega caused his firm to maintain false books and records by overstating his customers' net worth and asset composition in customer account forms completed in connection with the debentures sales. Escarcega also caused customer forms to contain false information by stating that debenture purchases by certain customers did not involve a product switch from another investment to the debentures. ([FINRA Case #2012034936005](#))

**Freedom Investors Corp.** ([CRD #23714](#), Brookfield, Wisconsin) was named a respondent in a FINRA complaint alleging that it failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933, and failed to establish, maintain and enforce written procedures relating to due diligence required in connection with the deposit of securities (whether in certificate form or by Automated Customer Account Transfer Service (ACAT)) by its customers. The complaint alleges that the firm's WSPs did not require any review of customer deposits of securities to determine whether the securities could be sold in compliance with Section 5. Nor did the WSPs in effect provide any guidance as to the nature or extent of the inquiry the firm was required to conduct to determine whether deposited securities could be sold in compliance with Section 5. In the limited instances in which the firm obtained information relevant to determining whether securities could be sold in compliance with Section 5, the firm failed to perform any meaningful review or evaluation of such information. The complaint also alleges that the firm failed to establish and implement an AML compliance program that was tailored to the firm's business and reasonably designed to detect and cause the reporting of suspicious transactions in compliance with the Bank Secrecy Act. The firm failed to implement a system reasonably designed to detect and investigate AML red flags associated with the deposit and liquidation of low-priced securities, and instead improperly relied on its clearing firm to do so on its behalf. ([FINRA Case #2011025706401](#))

**Jeffrey Brian Meyer** ([CRD #4111125](#), Lake in the Hills, Illinois) was named a respondent in a FINRA complaint alleging that he acted outside the scope of his employment with his member firms by participating in 37 private securities transactions totaling more than \$1.5 million, without providing prior written or oral notice to the firms of his proposed roles in the transactions, or the selling compensation that he was to receive from those transactions. ([FINRA Case #2012032758601](#))

**Richard Winsor Ohrn** ([CRD #5106991](#), Boca Raton, Florida) was named a respondent in a FINRA complaint alleging that he converted a total of \$15,250 from two elderly customers of his member firm who also were customers of the firm's affiliated bank. The complaint alleges Ohrn did not return any of the funds that he withdrew from the customers' accounts. The complaint also alleges that Ohrn forged or falsified the signatures of four firm customers on documents, all of which he submitted, or caused to be submitted to his firm or its affiliated bank. The complaint further alleges that Ohrn caused his firm's books and records to be false by intentionally changing the account address of record for three customers from their respective home addresses to the address of the firm branch where

he worked. As a result of Ohrn falsifying his firm's account records, the customers did not receive account statements or trade confirmations. In addition, the complaint alleges that Ohrn deposited \$9,000 into the account of a customer in order to reimburse most of the \$9,304 in fees charged to her as a result of the early surrender of a variable annuity. Ohrn thereby guaranteed the customer against the loss she incurred for the early surrender of her variable annuity. ([FINRA Case #2012030987301](#))

**James Francis Reid** ([CRD #2197427](#), Cypress, Texas) was named a respondent in a FINRA complaint alleging that he converted more than \$21,000 of insurance customer funds intended for property and casualty insurance premiums. The complaint alleges that Reid collected cash and check insurance premiums totaling more than \$21,000 from insurance customers, but failed to apply the funds for the customers' benefit. Instead, Reid converted the customer funds for his personal use by depositing them in his personal checking account. The complaint also alleges that Reid failed to appear and provide FINRA-requested investigative testimony concerning his conversion of insurance customer funds. ([FINRA Case #2013037842501](#))

**Marcus Carlos Rodriguez** ([CRD #2561801](#), Lubbock, Texas) was named a respondent in a FINRA complaint alleging that as president, CCO and AML officer of his now-defunct member firm, he failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with federal securities laws and NASD/FINRA rules. The complaint alleges that Rodriguez caused his firm to have a deficient system in place to review for potentially manipulative trading activity, and he never identified any manipulative activity, despite receiving inquiries relating to over 5,000 transactions involving potentially manipulative wash sales, layering and pre-arranged trading. Rodriguez failed to establish, maintain, and enforce WSPs to identify and prevent manipulative trading activity. The WSPs failed to provide adequate guidance to its registered persons on how to review for and identify potentially manipulative trading activity, and what actions to take if any such activity was found or reported. The firm relied principally on its clearing firms for trading surveillance, but the WSPs failed to indicate that it was relying on the clearing firms' trade surveillance to perform its supervisory reviews and failed to identify the type of report the firm relied upon.

The complaint also alleges that Rodriguez failed to establish and implement AML policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious transactions under the Bank Secrecy Act or with FINRA's AML rules. Rodriguez failed to tailor the firm's AML policies and procedures to its business. Rodriguez also failed to adopt a risk-based approach in designing and implementing the firm's AML procedures and controls by monitoring for money movement alone, and not monitoring for suspicious and potentially manipulative trading. Rodriguez was repeatedly placed on notice of the suspicious trading activity occurring in the account of an unregistered proprietary trading firm by FINRA through its inquiries and by its clearing firms through their alerts, yet he failed to ensure that the firm had controls, such as electronic surveillance or exception reports, to monitor for the type of suspicious activity detected. ([FINRA Case #2012033239202](#))

**Clayton Robert Sontag** ([CRD #2371415](#), St. James, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to disclose three Federal tax liens and two judgments on his Form U4. The complaint alleges that Sontag made false attestations to his member firm on an Annual Compliance Meeting Questionnaire and Form U4 acknowledgement form through which he failed to disclose the judgments and liens. ([FINRA Case #2013035634401](#))

**Steven Lee Stahler** ([CRD #1706697](#), Galveston, Texas) was named a respondent in a FINRA complaint alleging that he made unsuitable recommendations to four customers. The complaint alleges that in light of the customers' financial situation and needs, Stahler did not have any reasonable grounds to recommend that they invest a significant portion of their portfolio and net worth in private placements and REITs. The concentration of the customers' assets in the private placements and REITs exposed them to a risk of loss that exceeded their risk tolerance and investment objectives. Stahler made a total of approximately \$165,000 in net commissions on the private placements and REITs he recommended to the customers. The complaint also alleges that Stahler negligently misrepresented material facts in connection with the recommendations he made to three of the customers to purchase private placements and REITs. Stahler, in connection with his recommendations, negligently misrepresented to the customers that the investments were only moderately risky and that the offering documents had overstated the risk. ([FINRA Case #2012031734402](#))

**David Woods Unsworth Jr.** ([CRD #1609040](#), Belvedere, California) was named a respondent in a FINRA complaint alleging that he engaged in unethical communications with a customer regarding that customer's complaint against a former broker of the member firm of which he was majority owner, in an effort to conceal from FINRA information about the complaint to avoid regulatory scrutiny of his firm. The complaint alleges that Unsworth allowed the firm to conduct a securities business while it was suspended. The firm, under Unsworth's direction and with his involvement, failed to file the required annual audited financials on time, failed to request an extension of the filing deadline or request a hearing upon receipt of the March 15, 2012, notice of suspension; and, once suspended by FINRA, until the afternoon of April 16, 2012, failed to advise everyone at the firm that they could not continue to conduct business while under suspension. Unsworth caused the firm to prepay a subordinated loan to the firm's parent company, of which Unsworth was a majority owner, before the loan maturity date, without obtaining FINRA's required written pre-approval, in contravention of Appendix D to SEC Rule 15c3-1. Unsworth knew that paying back the loan with money and collateral would result in the firm, which continued to conduct a securities business, to fall out of net-capital compliance. The complaint also alleges that Unsworth willfully failed to timely update his Form U4 with the firm to disclose unsatisfied federal tax liens. The complaint further alleges that when Unsworth completed the employment application to become associated with another member firm, he was on notice, and therefore knew, or should have known, that the IRS had at least one lien against him, that the lien was unsatisfied, and that his answer that he did not currently have any unsatisfied liens against him was false and misleading. ([FINRA Case #2012032370501](#))

---

**Complaint Dismissed**

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The findings as to the allegations were not made, and the Hearing Officer has subsequently ordered that the complaint be dismissed.)

**Daniel Peter Pellicano (CRD #2878027)**  
Stony Brook, New York  
(August 4, 2014)  
FINRA Case #2009016159110

---

**Stipulated Dismissal of Complaint**

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The Hearing Officer has subsequently ordered that the complaint be dismissed.)

**James Ream Wolford (CRD #6057060)**  
Santa Ana, California  
(April 16, 2014)  
FINRA Case #2011025785602

---

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

**Advanced Equities, Inc. (CRD #35545)**  
Chicago, Illinois  
(August 19, 2014)  
FINRA Case #2012030737501

**Felix Investments LLC (CRD #148441)**  
Upper Saddle River, New Jersey  
(August 21, 2014)  
FINRA Case #2011029660001

**John Carris Investments LLC (CRD #145767)**  
Hoboken, New Jersey  
(August 19, 2014)  
FINRA Case #2013037297501

---

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

**Hunter Scott Financial, LLC (CRD #45559)**  
Delray Beach, Florida  
(August 22, 2014)

---

**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.)

**Scott Patrick Alcus (CRD #2983730)**  
Miami Beach, Florida  
(August 18, 2014)  
FINRA Case #2013039238701

**Mercy Joan Alpert (CRD #2862178)**  
West Hills, California  
(August 15, 2014)  
FINRA Case #2014040522801

**Roland G. Butler (CRD #5867300)**  
Waltham, Massachusetts  
(August 4, 2014)  
FINRA Case #2013038734101

**Skye Reagon Caradonna (CRD #4788211)**  
Milton, New York  
(August 12, 2014)  
FINRA Case #2011025962402

**Michael James Ciuffo (CRD #2086653)**  
Davidson, North Carolina  
(March 17, 2014 – August 8, 2014)  
FINRA Case #2013037138801

**Mark Francis Graham II (CRD #2998648)**  
Tampa, Florida  
(August 4, 2014)  
FINRA Case #2013037992501

**Adam Paul Gromling (CRD #5181931)**  
Sayville, New York  
(August 18, 2014)  
FINRA Case #2013036467401

**David Jay Hackney (CRD #2301416)**  
Chicago, Illinois  
(August 25, 2014)  
FINRA Case #2014040276701

**Michael Hernandez (CRD #5003788)**  
Pleasanton, California  
(August 19, 2014)  
FINRA Case #2013036726901

**Shane T. Kelley (CRD #5798473)**  
Lantana, Florida  
(August 25, 2014)  
FINRA Case #2014039866401

**Michael Allen Kocherer (CRD #5341342)**  
Champlin, Minnesota  
(August 18, 2014)  
FINRA Case #2014040736601

**Gerald Joseph Lodovico (CRD #2623141)**  
Gibsonia, Pennsylvania  
(August 18, 2014)  
FINRA Case #2013035714001

**Tracey A. McShane (CRD #5276406)**  
East Fallowfield, Pennsylvania  
(August 8, 2014)  
FINRA Case #2014040405401

**Christina Cruz Merren (CRD #6199117)**  
Lynwood, California  
(August 11, 2014)  
FINRA Case #2014040463701

**Marc Palmieri (CRD #2751411)**  
Fair Lawn, New Jersey  
(August 19, 2014)  
FINRA Case #2014040597201

**David Joseph Pestrichello (CRD #5038168)**  
Hillsdale, New Jersey  
(August 18, 2014)  
FINRA Case #2014040524301

**Jose Gabriel Ramirez Jr. (CRD #1519748)**  
San Juan, Puerto Rico  
(August 18, 2014)  
FINRA Case #2013039142101/FPI140006

**Christine Janet Schnepf (CRD #5400512)**  
Derry, New Hampshire  
(August 25, 2014)  
FINRA Case #2013039473701

**David Earl Anard Seagren (CRD #1180218)**  
Franklin, Pennsylvania  
(August 18, 2014)  
FINRA Case #2014039874501

**Henry Dennis Smiley (CRD #4242074)**  
Rogers, Arkansas  
(August 1, 2014)  
FINRA Case #2014040593701

---

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

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

**Jason Ryan Blum (CRD #5184761)**  
Larkspur, California  
(August 21, 2014)  
FINRA Case #2009020962901

**Joseph Quinlan McGowan (CRD #2233691)**  
New Preston, Connecticut  
(August 15, 2014)  
FINRA Case #2010022586201

---

**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.)

**Courtney Lamant Crusoe (CRD #6263882)**

Fort Wayne, Indiana  
(August 4, 2014)  
FINRA Case #2014040252601

**Colin Oleyvare Dacres (CRD #4105689)**

Newburgh, New York  
(August 22, 2014)  
FINRA Case #2014040929801

**Michael Andrew DeMaria (CRD #6020527)**

Carmel Valley, California  
(June 23, 2014 – August 27, 2014)  
FINRA Case #2013039601701

**Richard Edward Ford (CRD #5605404)**

Chicago, Illinois  
(August 18, 2014)  
FINRA Case #2013036650601

**Michael Melvin Frazier (CRD #1025419)**

Ottumwa, Iowa  
(August 18, 2014)  
FINRA Case #2014040829601

**Arsen A. Gaboyan (CRD #5768192)**

Glendale, California  
(August 18, 2014)  
FINRA Case #2014041098001

**David Robert Gray II (CRD #1501892)**

Greenwood Village, Colorado  
(August 21, 2014)  
FINRA Case #2013037654101

**Theresa Rene Harfoot (CRD #5396450)**

White Lake, Michigan  
(August 4, 2014)  
FINRA Case #2014040519801

**Akshay Balakrishna Hegde (CRD #5540272)**

Miami, Florida  
(August 11, 2014)  
FINRA Case #2013038083901

**Erik Lawrence Hockenberry (CRD #4472105)**

Salem, Missouri  
(August 11, 2014)  
FINRA Case #2014039746801

**Jeffrey Einer Lewis (CRD #3133083)**

Renick, West Virginia  
(August 4, 2014)  
FINRA Case #2014041136001

**Aliza Ann Manzella (CRD #6014502)**

Lake Barrington, Illinois  
(August 18, 2014)  
FINRA Case #2014040782101

**Devlin Wayne Osburn (CRD #2042339)**

Pasadena, California  
(August 18, 2014)  
FINRA Case #2014041090301

**Andrew James Preston (CRD #1742510)**

Floral Park, New York  
(August 22, 2014)  
FINRA Case #2014040869501

**Carlos Ray Ratliff (CRD #5815860)**

Bossier City, Louisiana  
(August 22, 2014)  
FINRA Case #2014040444701

**Derrick Andrew Rea (CRD #5964508)**  
 Andover, Minnesota  
 (August 25, 2014)  
 FINRA Case #2014041195501

**Stephen Eldridge Ridgely II (CRD #2662867)**  
 Parkland, Florida  
 (August 18, 2014)  
 FINRA Case #2014040445101

**Michael Okechi Romeo (CRD #5957692)**  
 Brooklyn, New York  
 (August 29, 2014)  
 FINRA Case #2014041407401

**Andrea Sanchez (CRD #5401265)**  
 New Rochelle, New York  
 (August 11, 2014)  
 FINRA Case #2014040235501

**Dalayne Leader Shinneman (CRD #1945752)**  
 Burr Ridge, Illinois  
 (August 25, 2014)  
 FINRA Case #2013038743601

**Monica L. Smith (CRD #6256393)**  
 Houston, Texas  
 (August 18, 2014)  
 FINRA Case #2014040895801

**Andrius Sulskis (CRD #4015111)**  
 Keshena, Wisconsin  
 (August 25, 2014)  
 FINRA Case #2014040812301

**Hope Renee Thomas (CRD #2182450)**  
 German Valley, Illinois  
 (August 18, 2014)  
 FINRA Case #2013036944901

**Julia Luisa Volkman (CRD #4249235)**  
 Menomonee Falls, Wisconsin  
 (August 11, 2014)  
 FINRA Case #2014041509301

**Jamie Lynne Wilson (CRD #4505945)**  
 Ashville, Ohio  
 (August 25, 2014)  
 FINRA Case #2014040692901

**Cynthia Lee Wooten (CRD #5917973)**  
 Riverview, Florida  
 (August 25, 2014)  
 FINRA Case #2014040464201

---

**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.)

**Peter Gapp Chiang Jr. (CRD #2068958)**  
 La Jolla, California  
 (August 13, 2014)  
 FINRA Arbitration Case #11-02589

**Eric Martin Dishner (CRD #2330409)**  
 New Port Richey, Florida  
 (August 8, 2014)  
 FINRA Arbitration Case #13-02050

**Brian Michael Kilgallon (CRD #2459337)**  
 Arlington, Virginia  
 (August 6, 2014)  
 FINRA Arbitration Case #13-00650

**Florence Rosenthal Klein (CRD #271361)**  
 Colorado Springs, Colorado  
 (August 6, 2014)  
 FINRA Arbitration Case #12-00239

**Scott Lane Lasser (CRD #2652847)**  
 Aspen, Colorado  
 (August 22, 2014)  
 FINRA Arbitration Case #11-01350

**Michael Thomas Linsinbigler****(CRD #4072020)**

Delray Beach, Florida

(August 8, 2014)

FINRA Arbitration Case #12-02627

**Gehrin Michael Ortiz (CRD #5533216)**

Oak Park, California

(March 26, 2014 – August 6, 2014)

FINRA Arbitration Case #12-03775

**Barry P. Pittman (CRD #5492220)**

Brightwaters, New York

(August 6, 2014)

FINRA Arbitration Case #12-01171

**Joseph Peter Rivera (CRD #3142103)**

Dix Hills, New York

(August 6, 2014)

FINRA Arbitration Case #12-02842

**William H. Taylor (CRD #5861441)**

Cottonwood Heights, Utah

(August 6, 2014)

FINRA Arbitration Case #13-01377

### **FINRA Charges Wedbush Securities for Systemic Market Access Violations, Anti-Money Laundering and Supervisory Deficiencies**

FINRA filed a complaint against Los Angeles-based [Wedbush Securities Inc.](#) for systemic supervisory and AML violations in connection with providing direct market access and sponsored access to broker-dealers and non-registered market participants.

During the period at issue, Wedbush was one of the securities industry's largest market access providers, which included overseas high-frequency, high-volume, algorithmic day-trading firms, and made millions of dollars from its market access business.

The [complaint](#) alleges that from January 2008 through August 2013, Wedbush failed to dedicate sufficient resources to ensure appropriate risk management controls and supervisory systems and procedures. This enabled its market access customers to flood U.S. exchanges with thousands of potentially manipulative wash trades and other potentially manipulative trades, including manipulative layering and spoofing. Despite its obligations to monitor, review, and detect suspicious and potentially manipulative trades, Wedbush largely relied on its market access customers to self-monitor and self-report such trading without sufficient oversight and controls to detect "red flags."

FINRA also alleges that despite receiving notice of regulatory and compliance risks associated with its market access business—including published industrywide notices, disciplinary decisions taken against other industry participants and multiple self-regulatory organization inquiries and examinations—Wedbush's regulatory risk management controls and supervisory procedures were not reasonably designed to manage such risks, and, in fact, created incentives that rewarded Wedbush compliance personnel with compensation based on market access customer trading volume. Additionally, the complaint alleges that the firm failed to establish, maintain and enforce adequate AML policies and procedures, and failed to report suspicious and potentially manipulative transactions.

### **FINRA Fines Citigroup Global Markets Inc. \$1.85 Million and Orders Restitution of \$638,000 for Best Execution and Supervisory Violations in Non-Convertible Preferred Securities Transactions**

FINRA fined [Citigroup Global Markets Inc.](#) \$1.85 million for failing to provide best execution in approximately 22,000 customer transactions involving non-convertible preferred securities, and for related supervisory deficiencies for more than three years. FINRA also ordered Citigroup to pay more than \$638,000 in restitution, plus interest, to affected customers.

In any customer transaction, a firm or its registered persons must use reasonable diligence to ensure that the purchase or sale price to the customer is as favorable as possible under current market conditions. FINRA found that one of Citigroup's trading desks employed

a manual pricing methodology for non-convertible preferred securities that did not appropriately incorporate the National Best Bid and Offer (NBBO) for those securities. As a result, Citigroup priced more than 14,800 customer transactions inferior to the NBBO. In addition, Citigroup priced more than 7,200 customer transactions inferior to the NBBO because the firm's proprietary BondsDirect order execution system (BondsDirect) used a faulty pricing logic that only incorporated the primary listing exchange's quotation for each non-convertible preferred security. As securities trade on multiple exchanges, Citigroup missed the prospect of a better price for that security on an exchange other than its primary listing exchange.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "FINRA will continue to pursue firms that neglect their duty of best execution. Citigroup lacked the necessary systems and supervision to ensure that it provided customers with the executions they deserved and, as a result, customers were receiving inferior prices for more than three years."

FINRA also found that Citigroup's supervisory system and written supervisory procedures for best execution in non-convertible preferred securities were deficient. Citigroup failed to perform any review of customer transactions in non-convertible preferred securities executed on BondsDirect or manually by the trading desk to ensure compliance with the firm's best execution obligations. The firm failed to conduct these supervisory reviews even though it had received several inquiry letters from FINRA staff. Moreover, while many of the transactions in question were identified on FINRA's best execution report cards, the firm only attempted to access its best execution report cards once during the relevant period.

In concluding [this settlement](#), Citigroup neither admitted nor denied the charges, but consented to the entry of FINRA's findings.