

Disciplinary and Other FINRA Actions

Firms and Individuals Fined

Crucible Capital Group, Inc. (CRD® #133542, New York, New York) and Charles J. Moore (CRD #4525896, Registered Principal, East Brunswick, New Jersey) submitted an Offer of Settlement in which the firm was censured and fined \$12,500, and for six months, is required to file all retail communications and institutional communications, excluding correspondence, with FINRA's Advertising Regulation Department at least 10 business days prior to use. Moore was censured and fined \$10,000. FINRA® imposed a lower fine as to the firm after it considered, among other things, the firm's revenues and financial resources. Without admitting or denying the allegations, the firm and Moore consented to the described sanctions and to the entry of findings that Moore caused unbalanced, exaggerated and misleading statements about the firm's business activities to be published on the firm's website. The findings stated that the firm's Membership Agreement with FINRA did not provide for a waiver of the two-principal requirement; but for approximately two six-month periods, the firm failed to employ two general securities principals (GSPs) in the firm's securities business. Moore was the firm's only GSP and was responsible for the firm's failure to employ two GSPs. The findings also stated that the firm, acting through Moore, failed to ensure that its financial books and records accurately reflected all of the firm's assets, liabilities and expenses. This caused the firm's records and net capital computations for those records to be inaccurate. These inaccuracies arose in part from problems related to an Expense Sharing Agreement (ESA) between the firm and an affiliated company Moore owned. The firm claimed that pursuant to the ESA, certain of the firm's liabilities do not need to be recorded as liabilities on its books and records. However, under criteria set forth in FINRA Notice to Members (NTM) 03-63, the ESA was inadequate to allow the firm to avoid recognition of liabilities. Moore failed to ensure that the ESA met the criteria set forth in NTM 03-63 to permit the firm to avoid recognition of liabilities, failed to ensure that all outstanding invoices were provided to the firm's financial and operations principal (FINOP), and thus failed to ensure that all liabilities were included in the firm's ledgers and net capital calculations. The findings also included that the firm, acting through Moore, filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) Reports. In addition to the inaccurate net capital calculations, the FOCUS reports were also inaccurate because they contained inaccurate statements of intercompany receivables, pre-paid expenses and retained earnings. The firm's inaccurate FOCUS reports arose largely as a result of its failure to record liabilities. FINRA found that the firm signed an agreement with an Internet start-up company to, among other things, assist with the start-up

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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).

in raising \$5 million in equity financing. Moore personally acquired a 33 percent ownership interest in the start-up and became its chief executive officer (CEO). An associated person of the firm also acquired 33 percent ownership interest in the start-up and became its president. Several registered representatives associated with the firm sent email messages to potential investors to solicit interest in the start-up, most of which copied Moore and reflected his review and input. These communications were exaggerated and misleading. ([FINRA Case #2010020949901](#))

HKC Securities, Inc. nka ACGM, Inc. (CRD #29705, New York, New York) and Harold Kenneth Cohen (CRD #49888, Registered Principal, Palm Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000, and Cohen was censured and fined \$10,000. Without admitting or denying the findings, the firm and Cohen consented to the described sanctions and to the entry of findings that the firm's hedge fund sales material failed to fairly present the risks and potential disadvantages of hedge fund investing, highlighting only the fund's positive features and not providing a sound basis for evaluating the investment, included exaggerated language, failed to identify the basis for factual statements made, and contained an inadequate discussion of the performance of the funds. The findings stated that while the firm was engaged, among other things, in marketing hedge funds, the firm's written supervisory procedures (WSPs) provided insufficient guidance with respect to FINRA's content standards for hedge fund advertising and did not discuss required risk disclosures specific to hedge fund investing. Cohen, as the firm's chief compliance officer (CCO), was responsible for the establishment of such procedures. The findings also stated that the firm failed to adequately supervise its registered representatives' use of institutional sales material. Cohen was the supervisor responsible for reviewing and approving communications with the public but did not follow the firm's written procedures, which required post-hoc review of institutional sales material and a written notation of approval. Cohen's review was limited, in that his review was not focused on compliance with FINRA's content standards, such as whether the documents contained exaggerated statements, had sufficient risk disclosures, or identified the factual basis for the statements made. Cohen's review was also limited to the summary document the firm prepared, and did not extend to the materials the firm sent that the funds themselves had prepared. The findings also included that the firm did not maintain a complete file of institutional sales material used and did not notate the sales material with the name of the person who prepared the document and the date that the document was first circulated. Cohen was responsible for ensuring the firm's compliance with these recordkeeping requirements. ([FINRA Case #2009018628401](#))

Firms Fined

Ameriprise Financial Services, Inc. (CRD #6363, Minneapolis, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$525,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it was required to provide each of its customers who purchased a mutual fund with a prospectus for that fund no later than three business days after the transaction. The findings stated that the firm contracted with third-party service providers for delivery of mutual fund prospectuses. On a daily basis, the firm provided the service providers with electronic information regarding mutual fund transactions requiring delivery of a prospectus to its customers, but the firm did not have any systems or procedures requiring daily or weekly review of the providers' performance. The firm's procedures did require monthly review of a sample of transactions, but did not specifically describe what the reviewer was required to look for or what actions the reviewer was required to take in the event that prospectus delivery deficiencies were identified. The number of transactions included in the reviewed sample was likely too small to provide an accurate assessment of the service providers' performance. The findings also stated that the primary cause of the late deliveries was the failure of certain mutual fund companies to maintain adequate supplies of paper copies of prospectuses. As a result, for many purchases from these fund companies, the service providers could not obtain a prospectus to provide to the customer on time. The findings also included that the firm did not take actions to ensure that all of its customers were receiving prospectuses on time. For instance, the primary service provider offered a print-on-demand (POD) service to its clients, and the POD service allowed the service provider to obtain an electronic copy of the prospectus from the fund company, and then to print copies of the prospectus to send to the firm's customers. The firm did not utilize this service or implement any alternative system for delivering prospectuses when fund companies were out of paper copies throughout the first 26 months of the review period. Because of the firm's failure to deliver prospectuses on time to a significant number of customers who purchased mutual funds, these customers were not provided with important disclosures about these products by settlement date. The firm did begin utilizing POD later on, which then allowed its service provider to electronically obtain the prospectuses to send to customers as necessary.

FINRA found that the firm executed more than 15,000,000 mutual fund purchase transactions that required it to deliver a mutual fund prospectus, or a summary prospectus, to the purchasing customer. As such, the firm was required to establish, maintain and implement a supervisory system and WSPs reasonably designed to monitor and ensure the timely delivery of mutual fund prospectuses. The firm's WSPs did not require an adequate review of the service providers' performance of their prospectus delivery obligations. Instead, the firm's system for supervising the timely delivery of mutual fund prospectuses involved substantial reliance on the service providers. ([FINRA Case #2011029100301](#))

Archipelago Securities L.L.C. (CRD #102500, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair some of the rejected repairable ROEs, so it failed to transmit them to OATS during the review period. The findings stated that the firm transmitted Route or Combined Order/Route reports to OATS that OATS was unable to link to the related order routed to NASDAQ or was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The findings also stated that the firm failed to enforce its WSPs, which specified that a designated supervisor would review rejections, make necessary repairs, and document the reason for any rejection and the date of repair submission. The findings also included that the firm submitted numerous erroneous New Order reports to OATS. ([FINRA Case #2009018534701](#))

BGC Financial, L.P. (CRD #19801, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 30 seconds after execution, to transmit to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) last sale reports of transactions in designated securities and failed to designate through the FNTRF some last sale reports as late. The findings stated that the firm failed, within 30 seconds after execution, to transmit to the Over-the-Counter Trade Reporting Facility (OTCRF) last sale reports of transactions in OTC equity securities and failed to designate to the OTCRF some last sale reports as late. The findings also stated that the firm failed to report the correct trade execution time for transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securities, and failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings also included that the firm failed to show the correct execution time on brokerage order memoranda and failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE. ([FINRA Case #2011028352801](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders (ISOs) it routed met the definitional requirements set forth in Rule 600(b)(30) of Securities and Exchange Commission (SEC) Regulation NMS. The findings stated that the firm failed to establish, maintain, and enforce written policies and procedures reasonably designed to prevent trade-throughs of protected quotations in national market system (NMS) stocks. ([FINRA Case #2010023892501](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to FINRA regulatory matters of which it had notice and, legal settlements of which it had notice within 30 days and also failed to timely file with FINRA copies of private civil litigations of securities-related matters of which it had notice. The findings stated that when the firm finally made the requisite filings, they were between two months and three-and-a-half years late. ([FINRA Case #2011025773401](#))

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade execution time for S1 transactions in TRACE-eligible corporate bonds to TRACE. The firm failed to report to TRACE the same S1 transactions in TRACE-eligible corporate bonds within 15 minutes of the execution time, and failed to show the correct execution time on the memoranda of the same brokerage orders. The findings stated that the firm failed to report transactions in TRACE-eligible securitized products to TRACE within the time permitted by FINRA Rule 6730. ([FINRA Case #2012031677201](#))

Caprock Securities, Inc. (CRD #8014, Lubbock, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system reasonably designed to review and retain its associated persons' email communications with the public. The findings stated that the firm failed to retain all of its business-related electronic communications in a non-rewritable, non-erasable format. ([FINRA Case #2011025611201](#))

Capwest Securities, Inc. (CRD #30002, Greeley, Colorado) was censured, and fined \$50,000. The National Adjudicatory Council (NAC) imposed the sanctions following call for review of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm's advertisements and sales literature failed to uphold FINRA standards governing member communications with the public, including certain content standards that apply to all member communications, as well as standards that apply specifically to advertisements and sales literature. The firm's advertisements and sales literature routinely referenced Section 1031 exchanges (and their potential use to defer capital gains tax due on the sale of real estate) without providing an explanation of how these exchanges work or a recognition of the requirements and restrictions set forth in the Internal Revenue Code that allow tax-deferral when acquiring tenancy-in-common (TIC) ownership. Given the importance of that tax treatment, and the need to determine whether a particular TIC offering would qualify as a like-kind exchange of real property under Section 1031, it was incumbent upon the firm to consistently provide some sense of these factors to the public. The findings stated that the firm failed to consistently provide a fair and

balanced presentation of the investment potential and risks linked with TIC ownership of real property in its advertisements and sales literature. The firm made representations that highlighted the management-free traits of TIC ownership in its advertisements and sales literature that should have been, but were not, balanced with statements concerning certain restraints accompanying TIC ownership. The findings also stated that the firm's communications contained improper performance projections which included unwarranted promises of successful TIC investing, the use of forward-looking statements concerning typical TIC investment performance and claims of effortless cash flow. The findings also included that the firm exaggerated TIC investment protections, which misled investors and exaggerated the degree of oversight and safety afforded to investors in TIC securities. The firm also improperly used customer testimonials by not disclosing that the testimonials may not be representative of other clients' experiences and did not guarantee any future performance or success. FINRA found that the firm failed to implement its supervisory system effectively. Although the firm's principals reviewed and approved all flawed communications that violated the content standards, evidence proved that the firm did not provide its principals or its registered representatives with adequate training and guidance concerning these standards.

The decision has been appealed to the SEC and the sanctions are not in effect pending consideration of the appeal. ([FINRA Case #2007010158001](#))

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$250,000 to be paid jointly to FINRA, The NASDAQ Stock Market LLC, BATS Exchange, Inc. and NYSE Arca, Inc., and required to revise its WSPs with respect to supervising and monitoring the trading activity of proprietary electronic trading systems related to the prevention of exchange-level crosses. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a system to supervise the trading activity of two of its proprietary electronic trading systems that was reasonably designed to achieve compliance with applicable securities laws, regulations and NASD[®] and FINRA rules concerning the detection of purchase and sale transactions that resulted in no change of beneficial ownership. The firm failed to properly supervise and adequately monitor the trading activity of two proprietary electronic trading systems related to the prevention of exchange-level crosses. The findings stated that the firm's supervisory system failed to alert the appropriate individuals as to the quantity and frequency with which exchange-level crosses of orders generated by the electronic trading systems were occurring. The firm failed to establish, maintain and enforce reasonable WSPs related to the supervision of the trading activity generated by its proprietary electronic trading systems. The firm did have WSPs related generally to monitoring the trading activity generated by proprietary electronic trading systems, but the procedures were not adequately tailored to identifying potential exchange-level crosses. The findings also stated that the firm failed to provide adequate documentary evidence of supervisory reviews conducted on the trading activity generated by the proprietary electronic trading systems. ([FINRA Case #2009017381001](#))

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$92,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE; failed to report to TRACE transactions in TRACE-eligible securities it was required to report; and reported to TRACE transactions in TRACE-eligible securities it was not required to report. The findings stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time; failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE; and double-reported some transactions in TRACE-eligible securities to TRACE. The findings also stated that the firm failed to accept or decline transactions in reportable securities in the FNTRF or the OTCRF within 20 minutes after execution that the firm had an obligation to accept or decline as the order entry identifier (OEID) during the trade reporting review period. ([FINRA Case #2009017180001](#))

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$70,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report ROEs to OATS; transmitted New Order reports and related subsequent reports to OATS where the timestamp for the related subsequent reports occurred prior to the receipt of the order; transmitted Execution or Combined Order/Execution reports to OATS that contained inaccurate, incomplete or improperly formatted data that OATS was unable to link to the related trade reports in a FINRA trade reporting system; transmitted Route or Combined Order/Route reports to OATS that OATS was unable to link to the related order routed to NASDAQ or was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data; and transmitted New Order reports to OATS that OATS was unable to link to the preceding Route or Combined Order/Route reports transmitted by other member firms due to inaccurate, incomplete or improperly formatted data. The findings stated that the firm transmitted reports to OATS that omitted special handling codes, omitted Execution or Combined Order Execution reports and contained an erroneous route report. The findings also stated that the firm failed to report to the FNTRF last sale reports of transactions in designated securities executed during normal market hours. The findings also included that the firm failed to report to the FNTRF last sale reports of transactions that required an .RX modifier in designated securities executed during normal market hours. FINRA found that the firm reported to the NASD/NASDAQ Trade Reporting Facility (NNTRF) and the FNTRF an incorrect contra side executing broker in numerous transactions in reportable securities. ([FINRA Case #2009018145501](#))

Daiwa Capital Markets America Inc. (CRD #1576, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 30 seconds after execution, to transmit to the FNTRF last sale reports of transactions in NMS securities. The findings stated that the

firm reported some last sale reports of transactions in NMS securities it was not required to report, and failed to report the correct execution time to the FNTRF in last sale reports of transactions in NMS securities. ([FINRA Case #2011029798701](#))

Detwiler Fenton & Co. (CRD #1794, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and implement a Customer Identification Program (CIP) for institutional accounts reasonably designed to achieve compliance with the requirements of the Bank Secrecy Act (BSA) and the implementing regulations thereunder. The findings stated that the procedures were not tailored to address the specific business of the firm, which had a client base consisting almost entirely of institutions. For trading purposes, more than half of the firm's customers utilized a prime broker, with the firm serving as an executing broker through its clearing firm. Despite this business, the firm's CIP procedures failed to define which entity in its institutional relationships was the customer subject to CIP. The CIP procedures also failed to clearly describe both how the firm would obtain identification information and how this information would be verified. The findings also stated that the firm failed to enforce the CIP procedures that it had in place by failing to obtain customer address and Tax Identification Number (TIN) and to identify verification documents for customer relationships in accordance with its CIP procedures. ([FINRA Case #2011025433301](#))

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$275,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and enforce adequate WSPs regarding dividend-related yield enhancement on total return swap transactions that involved U.S. equities. The findings stated that the firm did not maintain any written procedures for how to supervise or document decisions that impacted dividend uplift on swap trades referencing U.S. dividend-paying securities. The firm issued guidelines regarding the Total Return Swap program in the form of a memorandum. The firm, having provided this advice, did not take any steps to establish written procedures for the members of the swaps desk who were in a position to implement the guidance provided in the memo. The firm did not identify who was responsible for enforcing firm policies in this area, or provide an adequate process for enforcing and documenting supervision of these policies. The findings also stated that the firm issued additional guidance regarding the Total Return Swap program. The firm did not establish adequate procedures describing how its staff would or should monitor cross-trades, market-on-close (MOC) pricing or customer trading patterns, or how staff should assess and document customers' requests for exceptions to the guidelines. The findings also included that the memo and guidelines permitted certain Total Return Swap transactions that were exceptions to the aforementioned guidance under particular circumstances. The firm did not keep adequate records of decisions to allow exceptions, and after-the-fact reviews of such decisions were not adequately documented.

FINRA found that the firm developed a document so that overall client trading patterns could be monitored and potential red flags regarding the use of Total Return Swaps could be identified by desk personnel. The document and the firm's review of it were insufficient, in that the document was based on data that did not facilitate adequate monitoring. The firm was aware that it needed to improve its recordkeeping regarding swaps, so as to better manage risks associated with yield enhancement on Total Return Swaps. The firm did not put in place systems to retrieve sufficient data from managers' review of executions the desk staff made. The firm's records regarding MOC pricing or cross trades were not adequate, such that it made it difficult for the firm to supervise desk staff's compliance with the guidelines regarding such pricing. ([FINRA Case #2008015717201](#))

Dinosaur Securities, L.L.C. (CRD #104446, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it acted in a principal capacity for all transactions in corporate bonds, agency debt and securitized products (TRACE-eligible securities), although the firm's memoranda of the orders did not indicate the capacity in which the firm acted in the transaction. The findings stated that in FINRA's review of transactions in TRACE-eligible securities, the firm incorrectly reported the time the trade was executed and incorrectly reported the buy/sell indicator. The findings also stated that FINRA's review of TRACE reports that included an incorrect execution time found that some of the trades were actually reported late, when the correct execution time was considered. ([FINRA Case #2012030413001](#))

E*Trade Securities LLC (CRD #29106, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. The fine is based on the amount of the excess commissions as well as other excess commissions self-identified and self-reported by the firm that are not the subject of formal charges. All of the restitution amounts the firm identified have been paid. The findings stated that the firm charged a fixed charge of \$1.00 per bond for online corporate bond purchases. In some transactions in low priced bonds, this charge was in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the customer's order, the value of the securities the firm rendered, and the amount of any other compensation received, or to be received, by the firm in connection with the transaction. ([FINRA Case #2009020245201](#))

Global Financial Services, L.L.C. (CRD #35699, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$42,500 and required to pay \$16,931.30, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to sell corporate bonds to customers at prices that were fair, taking into consideration all relevant circumstances, including market conditions with respect to

each bond at the time of the transaction, the expense involved and the firm's entitlement to a profit. The findings stated that the firm failed to provide adequate supervision reasonably designed to achieve compliance with applicable FINRA rules concerning corporate bond pricing in that the firm failed to detect these transactions. ([FINRA Case #2009017442601](#))

Goldman, Sachs & Co. (CRD #361, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$47,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the FNTRF, by 8:00 p.m. Eastern Time, transactions that required a .RO, .RA or .RX modifier. The findings stated that the firm failed, within 30 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC equity securities. The findings also stated that the firm failed to report to the OTCRF the correct execution time for transactions in reportable securities. The findings also included that the firm failed to accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution that the firm had an obligation to accept or decline as the OEID. ([FINRA Case #2010025148901](#))

Interactive Brokers LLC (CRD #36418, Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$57,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its systems failed to prevent transactions in the common and preferred stock of securities that resulted from matched limit orders entered by or for the same customer account or related customer accounts. The matched limit orders were placed up to 32 seconds apart, although many of the orders were placed within seconds of each other, at the same or substantially the same price, and for the same or substantially the same quantity of shares. The majority of the matched limit orders were entered using the same Internet protocol (IP) address. A system error resulted in the related customer accounts being treated as inactive in most of the transactions and not subject to the firm's software designed to prevent such executions. The firm remedied the system problem, but the same related customer accounts subsequently entered matched limit orders on a single trade date that the firm's systems were designed to prevent. The firm did not know the reason for the subsequent system failure. The findings stated that on a post-execution basis, the firm's systems also generated a report to identify its customers that were on opposite sides of the same transaction. The report was then compared against the firm's database of related accounts to determine if the accounts traded with one another. In some instances, the firm failed to identify transactions that resulted from the matched limit orders. The same system error that resulted in the related customer accounts being treated as inactive also prevented the firm from identifying transactions between related accounts that should have been subject to further scrutiny on a post-execution basis. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules

concerning the prevention and detection of potentially manipulative trading activity. The firm's supervisory system lacked adequate controls to prevent and detect possible wash sales and pre-arranged trading activity conducted by firm customers.

The findings also included that the firm's systems failed to prevent and detect transactions in a common stock that resulted from matched limit orders that were primarily entered by two customer accounts at the firm. The matched limit orders were placed up to 28 seconds apart, although many were placed within seconds of each other, at the same or substantially the same price, and for the same or substantially the same quantity of shares. The customers' trading volume in the security accounted for more than 23 million shares, almost all of the firm's entire trading volume during the period reviewed. On certain trading days, the subject accounts represented 100 percent of the consolidated daily total media reported volume in the shares. FINRA found that the firm's supervisory system did not account for possible pre-arranged trading activity between unrelated customer accounts where, among other things, there was no commonality. The firm's failure to account for possible pre-arranged trading activity between unrelated accounts coupled with the undetected high number of transactions, the undetected high share volume, and the undetected high percentage of total daily volume in the shares on certain trading days, rendered the firm's supervisory system deficient at the time. As a result, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning the prevention and detection of potentially manipulative trading activity, specifically, possible pre-arranged trading activity conducted by the firm's customers. ([FINRA Case #2010023478401](#))

JHS Capital Advisors, Inc. (CRD #112097, Tampa, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it incorrectly reported the second leg of numerous riskless principal transactions as agent to the FNTRF in violation of FINRA Rule 7230A(d)(7). The findings stated that the firm failed to enforce its WSPs, which specified that the trade desk supervisor would, on a daily basis, review the consistency and completeness of the firm's trade reporting and document such review by initialing the applicable documents reviewed. ([FINRA Case #2011028196401](#))

Knight Capital Americas, L.P. (CRD #38599, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$20,000 and required to pay \$890.14, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it 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. The findings stated that 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. ([FINRA Case #2010021721801](#))

Man Investments Inc. (CRD #15770, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it distributed marketing materials that omitted material information, failed to provide a balanced presentation or failed to provide a sound basis for evaluating certain information presented. The marketing materials consisted of quarterly fund updates, annual summaries and printed slide presentations that were prepared by the funds and/or the firm. The findings stated that presentations, used as marketing materials, used selective, positive examples of how activism and event-driven/special situations raise stock prices but omitted negative counter-examples, thereby failing to provide a balanced presentation. The findings also stated that an investment product brochure, promoting a structured product hedge fund, contained certain risk disclosures but failed to specifically disclose that the fund was speculative and involved a substantial degree of risk. While the brochure contained certain fee information, it failed to specifically disclose that significant fees and expenses would be imposed by the fund and the fact that such fees may offset any profits. The brochure also failed to disclose in close proximity to the discussion of the fund's performance certain material information regarding the fund's performance. The brochure's explanation of the fund's use of leverage and its principal protection feature was incomplete, unbalanced and failed to provide a sound basis for evaluating the merits of investing in the fund. The communication illustrated only potential benefits of the fund's use of leverage while failing to adequately address the risks and additional costs associated with the strategy. In addition, the communication emphasized the investment upside potential of the fund's principal protection feature and included only general statements regarding the negative aspects of a principal protection feature. The findings also included that the brochure contained misleading and unwarranted descriptions of the fund's investment objectives by failing to provide a basis for statements regarding the annualized volatility of the fund and by including performance information for a non-U.S. version of the fund, while not clearly identifying the data as related performance. FINRA found that the firm also distributed communications that contained exaggerated claims. In one instance, a communication made a prohibited performance projection, which implied that past performance will reoccur. The marketing materials have since been amended or are no longer being used by the firm. ([FINRA Case #2009018187501](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$65,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to inform institutional clients trading in non-U.S. equities that it was acting in an agency capacity in executing the trades. The findings stated that the firm began migrating institutional clients from one trading

platform to another one. During the migration, the firm inadvertently failed to configure the new platform to pass capacity language downstream to client confirmations. The platform included additional fields of information the previous platform did not require, and the execution capacity field was moved to a different location within the data stream. The firm did not realize that the field containing the execution capacity had been moved, which resulted in the execution capacity not being filled in. The findings also stated that although the firm tested its new platform prior to migration, the testing did not detect that the new platform would not identify trading capacity for certain transactions. As a result, capacity language was omitted from confirmations, representing block non-dollar equity trades, all executed on an agency basis. ([FINRA Case #2011026254401](#))

Mizuho Securities USA Inc. (CRD #19647, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it served as the managing underwriter of a distribution or offering, other than a secondary offering, and failed to report such distribution or offering to FINRA Market Operations, as required. These distributions or offerings constituted 100 percent of the total number of distributions or offerings the firm had an obligation to report to FINRA. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning FINRA Rule 6760. ([FINRA Case #2012031277901](#))

Montage Securities, LLC (CRD #154327, Leawood, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased the book of business of an affiliated FINRA broker-dealer, and through the transaction, some new registered representatives became associated with the firm. The findings stated that the firm allowed these representatives to continue to use the email addresses provided by their former broker-dealer. The firm relied upon the other broker-dealer to retain these emails because the firm did not have any way to access these emails other than to request them from the broker-dealer. The findings also stated that the firm failed to perform an adequate review of the emails of its registered representatives for almost a year. The firm's procedures stated that a principal would conduct an email review monthly, but only one such email review was completed. The findings also included that the review was conducted only on outgoing emails and did not include incoming emails or internal emails. This review was not conducted on emails of all of the associated persons of the firm. ([FINRA Case #2012030645501](#))

Morgan Stanley Smith Barney LLC (CRD #149777, Purchase, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$47,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it improperly reported information to the Real-time Transaction Reporting System (RTRS) that it should not have. The findings stated that the

firm improperly reported purchase and sale transactions effected in municipal securities to the RTRS when the inter-dealer deliveries were step outs and thus, were not inter-dealer transactions reportable to the RTRS. The findings also stated that the firm failed to report to TRACE large block S1 transactions in TRACE-eligible corporate debt securities within 15 minutes of the execution time. The findings also included that the firm failed to report to TRACE the correct trade execution time for some large block S1 transactions in TRACE-eligible corporate debt securities. ([FINRA Case #2011026446001](#))

Newedge USA, LLC (CRD #36118, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit ROEs to OATS on numerous business days, and transmitted ROEs to OATS that OATS rejected for syntax errors and were repairable, but the firm failed to repair many of the rejected ROEs so they were not transmitted to OATS during the review period. The findings stated that the firm failed to timely report ROEs to OATS, and transmitted Combined Order/Route Reports to OATS that OATS was unable to link to the related order routed to NASDAQ or the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The findings also stated that the firm failed to transmit all of the ROEs for a particular market participant identifier (MPID) to OATS for several days, and failed to transmit numerous ROEs to OATS for another MPID on numerous trading days for almost two months. The findings also included that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. FINRA found that the firm failed to show the correct execution time on brokerage order memoranda. FINRA also found that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning OATS during the review period. ([FINRA Case #2011027294101](#))

Oppenheimer & Co. Inc. (CRD #249, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,500 and ordered to pay \$1,290.58, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions for or with customers, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings stated that the firm failed to show, on brokerage order memoranda, one or more of the correct execution time, the entry time, the correct entry time, the order size, the order type, and/or the terms and conditions. The findings also stated that the firm failed to preserve, for a period of not less than three years, the first two in an accessible place, brokerage order memoranda. The findings also included that the firm failed to report the correct execution time to the FNTRF in some last sale reports of transactions in designated securities. ([FINRA Case #2009018701501](#))

Raymond James & Associates, Inc. (CRD #705, St. Petersburg, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its WSPs regarding compliance with NASD Rule 2440 and IM-2440. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions, it sold (bought) corporate bonds to (from) customers and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning compliance with NASD Rule 2440 and IM-2440. The findings also stated that in transactions in TRACE-eligible securities 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 prices to its customers were as favorable as possible under prevailing market conditions. ([FINRA Case #2009017412501](#))

RBC Capital Markets, LLC (CRD #31194, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$97,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions in corporate bonds for or with customers, it failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The firm also purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) 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 transactions and of any securities exchanged or traded in connection with the transactions; the expense involved in effecting the transactions; the fact that the broker, dealer or municipal securities dealer is entitled to a profit; and the total dollar amount of the transactions. In addition, the findings stated that the firm failed to transmit ROEs to OATS and transmitted execution reports to OATS that failed to reflect partial executions of an order. The findings also stated that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions; failed to disclose "details available upon request" for compensation, which is stated in a single amount on customer confirmations; and disclosed on customer confirmations that a commission was charged for orders filled in a principal capacity. The findings also included that the firm accepted short sale orders in equity securities from another person, or effected short sales in equity securities for its own account, without borrowing the security or entering into a *bona fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery was due; and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO.

FINRA found that the firm failed to submit information regarding the result of an auction rate security (ARS) and interest rate reset (variable rate demand obligation, or VRDO) to the Municipal Securities Rulemaking Board (MSRB)'s Short-Term Obligatory Rate Transparency (SHORT) System within the time requirements prescribed. FINRA also found that the firm failed to submit an accurate rate reset date for numerous rate resets to the MSRB's SHORT System. In addition, FINRA determined that the firm failed to report P1 transactions in TRACE-eligible corporate debt securities to TRACE that it was required to report; failed to report to TRACE the correct contra-party's identifier for P1 transactions in TRACE-eligible corporate debt securities; failed to accurately report to TRACE the market identifier for P1 transactions in TRACE-eligible corporate debt securities; and failed to submit a report to TRACE identifying the correct execution date for some P1 transactions in TRACE-eligible corporate debt securities. Moreover, FINRA found that the firm, as managing underwriter/securitizer, failed to report new issue offerings in TRACE-eligible securitized products to FINRA in accordance with the requirements of FINRA Rule 6760(c). ([FINRA Case #2010022619301](#))

SAL Financial Services, Inc. dba Sterne Agee Financial Services, Inc. (CRD #18456, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000 and required to revise its WSPs regarding best execution of fixed income securities transactions, TRACE, and receipt, entry and execution of customer orders. The firm has made restitution to the customers in the approximate amount of \$23,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning NASD Rule 2320 (best execution of fixed income securities transactions), NASD Rule 6230 (TRACE), and Rule 17a-3(6) of the Securities Exchange Act of 1934 and NASD Rule 3110 (receipt, entry and execution of customer orders). ([FINRA Case #2008014737401](#))

Securities America, Inc. (CRD #10205, La Vista, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$100,000, and required to conduct a comprehensive review of its systems for the review of email to ensure that those systems are reasonably designed to achieve compliance with NASD and FINRA rules, and with applicable federal securities laws and rules, and have been adequately revised to address and correct deficiencies. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to have a supervisory system, including written procedures, in place regarding electronic communications with customers that was reasonably designed to achieve compliance with applicable federal securities laws and regulations, and with applicable FINRA and NASD rules. The findings stated that the firm's email monitoring system did not identify

numerous emails sent to customers by registered representatives working in a branch office that contained misrepresentations or misleading statements relating to private placements. Because the firm's email monitoring system did not identify these emails, the emails were not reviewed by anyone at the firm, including supervisory personnel, to determine whether the emails contained statements that were inconsistent with applicable requirements. ([FINRA Case #2010022518105](#))

SEI Investments Distribution Co. (CRD #10690, Oaks, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to maintain and preserve certain business-related emails that registered representatives sent and received. The findings stated that as a result of an internal software malfunction, the email for the representatives, which was transmitted through a different exchange server than the one used for the firm's other personnel, was not delivered to its third-party archival system. Although the firm was able to recover some of the business-related emails the registered representatives sent or received during that period, it was unable to recover most of those messages. The findings also stated that the firm failed to maintain and preserve certain business-related instant messages transmitted between the firm's employees and/or transmitted between the firm's employees and employees of its affiliates. The firm prohibited use of instant messaging with external parties. Because of another internal software malfunction, the firm failed to archive the instant messages and was subsequently unable to recover all of the instant messages transmitted during the period. ([FINRA Case #2012030611301](#))

Sigma Financial Corporation (CRD #14303, Ann Arbor, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that a number of the firm's registered representatives conducted business through entities they independently owned and/or controlled. These representatives conducted their business using "doing business as (DBA)" names. The relevant DBA entities were not registered with FINRA. The findings stated that the firm improperly paid transaction-based compensation to the non-registered DBA entities registered representatives owned, rather than paying compensation, commissions, concessions or fees directly to the registered representatives who effected the securities transactions. The firm paid transaction-based compensation totaling \$11,406,377 to non-registered DBA entities for approximately two years. ([FINRA Case #2011025858301](#))

Spencer Edwards, Inc. (CRD #22067, Centennial, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that were improperly marked as "Directed," related to market making activity and should not have been reported to OATS, contained incorrect capacity codes, or were duplicative

of another report. The findings stated that the firm appended the average price disclosure on customer confirmations when such disclosure was not applicable, and on one occasion, failed to provide written notification disclosing to its customer the correct reported trade price. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or SEC and FINRA rules addressing minimal requirements for adequate WSPs in order handling (market order protections rule), best execution (execution of customer orders as riskless principal, execution of block sized/not held/special pricing, 3-quote rule), sales transactions (naked short selling), other trading rules (honoring quotes and entering OTC equity securities quotes in real-time quotations systems), OATS (clock synchronization); other rules (breaches of information barriers), and use of MPIDs (monitoring the use of each MPID, procedures to limit access to and information sharing between multiple MPIDs, and procedures to ensure required supervision is performed for each MPID). The findings also included that the firm failed to provide documentary evidence that on the trade dates reviewed, it performed the supervisory reviews set forth in its WSPs concerning supervisory system, procedures and qualifications (ensuring personnel are properly registered and that supervisors are qualified); sales transactions (locate requirements, Regulation SHO Rule 204, pre-borrow requirements); and other rules (Chinese Walls, review of electronic communications). ([FINRA Case #2012031507001](#))

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$125,000 and required to revise its WSPs regarding best execution of fixed income corporate securities transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, and failed to report the correct execution time for these transactions to TRACE. The findings stated that the firm failed to show the receipt and entry times and the correct execution time on the brokerage order memoranda relating to these bond transactions. These inaccurate records gave the appearance that the trades were executed later than they were in fact executed. The findings also stated that in transactions for or with customers, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions.

The findings also included that the firm failed to reasonably and properly supervise the activities of its associated persons so as to achieve compliance with applicable securities laws, regulations and FINRA rules with respect to recordkeeping, TRACE and fair pricing of fixed income securities transactions. FINRA found that the firm failed to reasonably supervise its recordkeeping of customer orders to ensure the records reflected accurate times of order receipt, entry and execution. The firm also failed to reasonably supervise TRACE reporting to ensure that the execution times of customer orders were accurately and timely reported to TRACE within 15 minutes of execution. FINRA also found that the firm

failed to reasonably supervise the fair pricing of customer transactions in corporate fixed income securities. In particular, the firm failed to adequately train and supervise a trading desk employee to ensure that the employee complied with NASD rules with respect to determining the prevailing market price of corporate fixed income securities. In addition, FINRA determined that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning best execution of fixed income corporate securities transactions.

[\(FINRA Case #2008014729901\)](#)

Wedbush Securities, Inc. (CRD #877, Los Angeles, California) submitted an Offer of Settlement in which the firm was censured and fined \$75,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, acting through its CCO, it failed numerous times in connection with FINRA examinations to provide written information and records timely, completely or at all to requests for information made by FINRA. The findings stated that in each of these examinations, FINRA received either no information or records or a late and partial production in response to the first request, necessitating a second request. In a number of instances, FINRA received information and records in response to second requests only after telephone and email communications inquiring about the status of the requests. Frequently, FINRA calls and emails were unanswered, and firm requests for new due dates were made after the original due dates, when the firm was already in violation of FINRA Rule 8210. The findings also stated that the firm, acting through its CCO, failed to establish a supervisory system and to establish, maintain and enforce WSPs that were reasonably designed to achieve compliance with applicable rules. [\(FINRA Case #2009020701901\)](#)

Wells Fargo Advisors, LLC (CRD #19616, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000, and required to conduct a comprehensive review of its systems, policies and procedures pertaining to the extension of credit to customers by registered representatives to ensure that those policies and procedures are reasonably designed to achieve compliance with FINRA rules and federal securities laws regarding borrowing money from, or lending money to, customers by registered representatives. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted certain customers to borrow money from the firm by withdrawing more funds than were available in the customers' accounts, through the use of among other things, online payments, checks and debit cards. The registered representatives assigned to the accounts, with the concurrence of the branch managers and the firm's credit and margin department, determined whether to allow these types of withdrawals to go through. If the overdrafts were allowed to occur, the customers were responsible for satisfying the overdraft through a same day deposit of funds, wire transfer, or collateral or sale of securities. According to the firm's policy, if a customer did not satisfy an overdraft on the same day, the debit would not be honored. However, during the time period at issue, the

firm allowed exceptions to this policy on an occasional, though not frequent, basis, and permitted overdrafts in situations where customers did not cover the debit on the same day, thereby loaning money to those customers. In those instances, in accordance with the firm's policies and procedures, if the overdraft was not repaid after a period of time, the unsecured debit was charged against the registered representative's production. Once an overdraft was charged against a registered representative's production, the registered representative could request that the debt be sent to collections, through the firm, for recovery from the customer. Amounts recovered from the customer were paid to the registered representative, minus any collections expenses. The findings stated that by transferring responsibility for the loan to registered representatives and allowing registered representatives to obtain repayment from the customers, the firm caused registered representatives to loan money to customers. The findings also stated that the firm allowed the loans to occur without any system or procedure in place to determine whether the loans met the conditions of FINRA Rule 3240(a) and NASD Rule 2370(a). Therefore, the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with FINRA and NASD rules. The findings also included that customers alleged in writing that a registered representative had made journal transfers of funds to other customers without their authorization. The firm settled one complaint for \$16,500 while the other was resolved without a monetary settlement. The firm never reported either of these complaints on the registered representative's Uniform Application for Securities Industry Registration or Transfer (Form U4), and never disclosed the settlement of the second complaint for more than \$15,000. FINRA found that the customer complaints alleged misappropriation of funds which requires disclosure under NASD Rule 3070 within 10 days. One complaint was not reported until three and one-half months after it was received, while the other was never reported. ([FINRA Case #2010022380001](#))

William Blair & Company L.L.C. (CRD #1252, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that incorrectly submitted the account type "R" for employee orders, submitted an incorrect event date and event start time on the execution (EX) report when compared with the firm's order memorandum, failed to submit the destination code and Sent to MPID to OATS, and submitted the incorrect reporting exception code "M" for an agency post trade allocation. The findings stated that the firm incorrectly disclosed reported price equals trade price when the order was executed at an average price and it acted in an agency capacity; incorrectly provided written notification disclosing to its customers that the transaction was executed at an average price; failed to provide written notification disclosing to its customers that further details are available upon request when the compensation type is stated in a single amount for more than one capacity and it also acted in a principal/riskless capacity; incorrectly disclosed to its customers commission instead of commission equivalent or markup/markdown and it acted in an agency capacity or mixed capacity when the firm acted only in

a principal/riskless capacity; incorrectly disclosed to its customers that it acted in an agency capacity when it acted only in a principal/riskless capacity; and incorrectly provided written notification disclosing to its customers that the transaction was executed at an average price, failed to disclose the reported price, failed to disclose that the commission was a commission equivalent or markup/markdown, and incorrectly disclosed that the firm acted in an agency capacity. ([FINRA Case #2010021604401](#))

Individuals Barred or Suspended

David Darrell Anthony (CRD #4671195, Registered Representative, Mobile, Alabama) submitted an Offer of Settlement in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Anthony's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Anthony consented to the described sanctions and to the entry of findings that he facilitated investors' tax clients and customers of his member firm involvement in a private securities transaction by introducing, discussing and referring them to an entity for investment purposes. The findings stated that the clients/customers invested a total of \$400,000 in the entity by purchasing secured promissory notes offered by the entity, which are now in default. Although the promissory notes were purportedly secured, perfection of the security interest was dependent on the note purchasers' filing financing statements, and no financing statements were signed by the entity or provided to the purchasers. The client and customers were induced to purchase the promissory notes by the promised return of 9 percent interest rate per annum. The findings also stated that Anthony failed to provide any written notice to his firm of his intention to participate in the sale of these promissory notes by introducing, discussing and referring his tax clients/customers to the entity, which led to the purchase of the entity's promissory notes. Nor did Anthony receive written approval from the firm for his involvement. Anthony understood that he could apply for a commission of 1 percent to 2 percent of the amount invested by promissory note purchasers he referred to the entity. The findings also included that Anthony's recommendation of the entity to a customer, was unsuitable on the basis of the customer's other securities holdings, financial situation and needs. Anthony failed to recognize that the customer's investment in the entity was an overconcentration of her financial holdings. The \$100,000 constituted approximately 56.5 percent of the customer's liquid worth, resulting in an unsuitable overconcentration of her liquid assets, which exposed her to a risk of loss that exceeded her risk tolerance and investment objectives.

The suspension is in effect from May 6, 2013, through November 5, 2013. ([FINRA Case #2010021668703](#))

Joseph John Antosh Jr. (CRD #713649, Registered Representative, Brookfield, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Antosh consented to the described sanction and to the entry of findings that he failed to provide on-the-record testimony as FINRA requested in connection with an investigation of, among other things, whether Antosh improperly changed the beneficiary of an elderly customer's individual retirement account (IRA) from the customer's son to Antosh's daughter. The findings stated that, through his counsel, Antosh informed FINRA that he did not intend to provide testimony to FINRA. ([FINRA Case #2011028161601](#))

Steven Robert Aron (CRD #4664318, Registered Representative, Agoura Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Aron consented to the described sanction and to the entry of findings that through his outside business activity, he facilitated investments on behalf of some of his member firm customers and another customer of his certified public accounting business. The findings stated that Aron combined \$325,000 of the customers' money to invest in a local pawn and jewelry business on their behalf. The customers invested with the expectation of a 9 percent return on their investment. The findings also stated that Aron failed to notify his firm of his participation in his outside business activities and in the customers' investments. The findings also included that during the course of FINRA's investigation into Aron's outside business activities and private securities transactions, it requested information and documentation from Aron. Aron complied with one request but refused to comply with a second request and informed FINRA that he would not respond to any future requests. ([FINRA Case #2011028382801](#))

Nicholas P. Bentivegna (CRD #4636923, Registered Representative, Farmingdale, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Bentivegna consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in a customer's account without the customer's knowledge, authorization or consent.

The suspension was in effect from May 6, 2013, through May 24, 2013. ([FINRA Case #2011027282201](#))

Ronald Allen Bundy (CRD #5964805, Registered Representative, Raeford, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bundy consented to the described sanction and to the entry of findings that he received insurance premium payments totaling approximately \$8,043 from insurance customers. Upon receipt of these payments, Bundy had an obligation to immediately remit these payments to the insurance company by depositing them in the insurance company's

designated bank account. However, Bundy intentionally misappropriated and converted these funds by refusing to deposit them into the insurance company's designated bank account. Rather, Bundy withheld the customers' premium payments for several months as bargaining collateral against what he felt the insurance company owed him. Bundy finally remitted the \$8,043 to the insurance company. ([FINRA Case #2012031948601](#))

John Sebastian Cangialosi Jr. (CRD #3273830, Registered Representative, Manalapan, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Cangialosi consented to the described sanctions and to the entry of findings that he failed to disclose, and in some instances to timely disclose, unsatisfied judgments and liens on his Form U4.

The suspension is in effect from May 20, 2013, through August 19, 2013. ([FINRA Case #2011029919601](#))

Fernando Castillo (CRD #2616324, Registered Representative, Colonia Polanco Mexico DF) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Castillo consented to the described sanction and to the entry of findings that he failed to appear for FINRA on-the-record interviews in connection with its investigation into an alleged contract between Castillo and a customer, to which his member firm was not a party. FINRA informed Castillo that if he failed to appear, he could be subject to a disciplinary action and the imposition of sanctions, including a bar. ([FINRA Case #2012032983501](#))

Ardella Ruth Clay-Johnston (CRD #5901800, Associated Person, Mansfield, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Clay-Johnston failed to provide information FINRA requested in connection with an investigation pertaining to her failure to disclose a misdemeanor charge on her Form U4. The findings stated that Clay-Johnston willfully failed to timely disclose the misdemeanor charge on her Form U4. ([FINRA Case #2011027554601](#))

James Merle Culbertson (CRD #1716829, Registered Representative, Oakdale, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for 12 months. The fine must be paid either immediately upon Culbertson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Culbertson consented to the described sanctions and to the entry of findings that he had conversations with customers concerning securities transactions he was recommending; and during the course of these conversations, Culbertson omitted or misrepresented material information to these customers concerning the transactions. The

findings stated that Culbertson circumvented his firm's supervisory review with respect to mutual fund transactions he effected by failing to submit the appropriate documentation or by submitting incomplete or inaccurate documentation to the firm for review. The firm required its registered representatives, including Culbertson, to complete and submit documentation relating to certain mutual fund transactions. The firm implemented these procedures in order to ensure that it reviewed the proposed transactions for suitability and to ascertain that the registered representative recommended the appropriate share class for purchases. The findings also stated that Culbertson serviced customers' non-discretionary accounts. Culbertson received orders from these customers but failed to timely enter the orders for transactions in the customers' accounts. Instead, without reconfirming the trades with the customers, Culbertson entered the orders in their accounts on a discretionary basis. The findings also included that based on Culbertson's recommendation, a customer agreed to surrender his variable annuity and purchase a fixed annuity with the proceeds of approximately \$89,346. These transactions were unsuitable for the customer because the customer could withdraw funds from the variable annuity at any time, the variable annuity had a higher guaranteed fixed rate and death benefit, and the fees associated with the variable annuity were less than those associated with the fixed annuity.

The suspension is in effect from April 15, 2013, through April 14, 2014. ([FINRA Case #2011027468102](#))

Alfred Patrick Denis IV (CRD #2756415, Registered Representative, Bellmore, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Denis consented to the described sanctions and to the entry of findings that he retained blank or incomplete securities business-related documents in his office files that customers had previously signed. The documents included switch forms, explanation of transaction forms, disclosure forms, cash distribution forms and annuity surrender forms. Some of the documents were undated and the documents bearing a date ranged from 2007 through 2010, with one bearing a 2001 date. Denis' member firm prohibited its representatives from obtaining or retaining documents that customers had pre-signed.

The suspension is in effect from May 20, 2013, through July 18, 2013. ([FINRA Case #2012031027101](#))

Javier A. Echeverria (CRD #5481246, Registered Representative, Bronx, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Echeverria consented to the described sanction and to the entry of findings that he worked as a personal banker and investment company products/variable contracts representative at various branch banks. A bank customer accidentally left her wallet

at Echeverria's branch while conducting banking activities. A bank employee found it and turned it in to Echeverria, who placed it in a locked drawer. The findings stated that when the customer did not claim the wallet at the end of the day, Echeverria removed \$1,050 in cash from the wallet for his personal use, thereby converting the funds. The findings also stated that the next day the customer claimed her wallet and discovered the missing money. Echeverria gave the bank a \$1,050 cashier's check payable to the customer's account. The bank terminated Echeverria's employment. The findings also included that Echeverria accessed a bank customer's account information without a valid business reason; he knew the customer and viewed the banking activity and other account information for personal reasons, without the customer's or the bank's permission to access the account for personal reasons. As such, Echeverria abused his position as a bank employee to gain access to a customer's bank account information without a valid reason. ([FINRA Case #2012034616801](#))

Earl William Fay (CRD #2492793, Registered Representative, Milton, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Fay's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Fay consented to the described sanctions and to the entry of findings that he impersonated customers in telephone calls to his member firm to effect transactions, which primarily consisted of sub-account re-allocations that the customers had authorized and/or the purchase or sale of certain securities, which were unsolicited. The findings stated that in each instance, Fay placed a telephone call to the firm's customer service center, identified himself as the customer, and proceeded to impersonate the customer to effect the transactions in question.

The suspension is in effect from May 6, 2013, through June 17, 2013. ([FINRA Case #2012034068501](#))

Peter Girgis (CRD #4520444, Registered Representative, Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Girgis consented to the described sanctions and to the entry of findings that he failed to disclose, and in some instances to timely disclose, unsatisfied judgments and liens on his Form U4.

The suspension is in effect from May 20, 2013, through August 19, 2013. ([FINRA Case #2011029919602](#))

Darrah Lee Gleason (CRD #2442684, Registered Representative, Old Greenwich, Connecticut) submitted an Offer of Settlement in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Gleason's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Gleason consented to the described sanctions and to the entry of findings that she recommended an independent investment adviser to a customer of her firm contrary to her firm's written policies and procedures, which prohibited its employees from soliciting for or recommending independent investment advisers without the firm's approval. The firm offered its own platform of asset management and advisory services to its customers, and the firm pre-approved the investment advisers on this platform. The findings stated Gleason sold the customer's investments at the firm so that the proceeds could be transferred to an account the independent adviser managed. Although the customer approved the overall plan to sell her investments, Gleason did not have the customer's express authorization for the trades but instead took instructions from the investment adviser, entering sell orders totaling approximately \$3.1 million. Gleason engaged in discretionary trading in the customer's account without the customer's prior written authorization to exercise discretion or to take third-party instructions, and without the firm's approval. The customer executed a Discretionary Investment Management Agreement authorizing the investment adviser to purchase or sell securities on the customer's behalf but that agreement did not cover Gleason or the firm, nor was it provided to Gleason or the firm. Gleason failed to disclose to her firm that she had referred an investment adviser to the customer and that discretion was being exercised in the customer's account at the investment adviser's direction. The findings also included that Gleason did not disclose to her firm that she was seeking employment at the investment adviser while she was acting pursuant to the investment adviser's instructions, so her firm was unable to fully supervise her in her role as the customer's broker.

The suspension was in effect from April 15, 2013, through May 14, 2013. ([FINRA Case #2011026395801](#))

Todd Lloyd Goedeke (CRD #1210932, Registered Principal, Howards Grove, Wisconsin) 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, Goedeke consented to the described sanction and to the entry of findings that he failed to respond to FINRA's request for information and documents related to a FINRA investigation into allegations that he had deposited customer funds into his bank account. ([FINRA Case #2010023741801](#))

Frederico Goldin (CRD #4548232, Registered Representative, Aventura, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Goldin's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Goldin consented to the described sanctions and to the entry of findings that he borrowed a total of \$28,688.47 from customers although at the time, his firm did not have written procedures that allowed its representatives to borrow money from customers. Goldin has repaid the loans.

The suspension was in effect from May 6, 2013, through June 5, 2013. ([FINRA Case #2011028603001](#))

Timothy Joseph Golonka (CRD #1792138, Registered Representative, Collegeville, Pennsylvania) was fined \$20,000 and suspended from association with any FINRA member in any capacity for 18 months. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Golonka, whose responsibilities included acting as a wholesaler of insurance policies, participated in an impersonation scheme, involving telephone calls on which associates impersonated their customers to obtain confidential information from the customers' insurance companies. The findings stated that a team of brokers, which worked at a different firm from Golonka's firm, decided to review its customers' insurance policies. The team members impersonated the customers and pretended to give consent for the insurance company representatives to answer Golonka's questions about such customers' policies. On the telephone calls, Golonka deceptively addressed a team member as if she was a customer or misrepresented that a customer was on the call. All four telephone calls at issue were made without the customers' authorization, knowledge or consent. The findings also stated that aggravating factors included the intentional nature of Golonka's conduct, the deceptive manner in which he attempted to procure the confidential information, the fact that he was motivated by potential for gain in the form of a new business relationship, and Golonka's attempts to mislead or conceal his misconduct from his firm and FINRA.

The suspension is in effect from May 6, 2013, through November 5, 2014. ([FINRA Case #2009017439601](#))

Ryan Lael Gomes (CRD #4316446, Registered Representative, Aliso Viejo, California) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Gomes' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Gomes consented to the described sanctions and to the entry of findings that he failed to complete

the Regulatory Element of the Continuing Education (CE) requirement within the 120-day period, a timeframe window the Central Registration Depository (CRD) had established; this failure resulted in his registrations automatically becoming inactive. The findings stated that the firm notified Gomes that, because he had become CE inactive, he could not conduct any securities business. Gomes completed the CE Regulatory Element at a later date. The findings also stated that while Gomes' registrations were inactive, he acted in a capacity requiring registration when he effected securities transactions, resulting in net commissions paid to him totaling approximately \$68,083. Gomes effected securities transactions on behalf of his own account for which no commissions were charged. The findings also included that Gomes failed to provide on-the-record testimony in connection with FINRA's investigation into his acting in a registered capacity while his registrations were deemed inactive and whether his firm's president and CCO failed to supervise him.

The suspension is in effect from April 15, 2013, through April 14, 2015. ([FINRA Case #2009018663601](#))

Michael Charles Jennings (CRD #702719, Registered Representative, Wellesley, Massachusetts) was fined \$20,000 and suspended from association with any FINRA member in any capacity for 10 business days. The sanctions were based on findings that Jennings shadowed trades of third-party managers. The third-party managers had contractual agreements with Jennings' member firm to provide services to its customers. Jennings replicated the confidential strategies and trading of these money managers in customer accounts he managed on a discretionary basis. By shadowing investment managers' trades without the third-party managers' knowledge or consent, Jennings was able to misappropriate the third-party managers' trading strategies without incurring the fees that otherwise would have been due the third-party managers if Jennings had left the accounts with the third-party managers. The third-party managers reasonably expected that Jennings would not exploit his access to their trading strategies. Jennings devised the shadowing scheme because a customer had threatened to move considerable business to another broker-dealer unless Jennings lowered the fees on the accounts. Jennings felt entitled to the fees and was unwilling to cut the fees he and the other members of his team earned. Instead, to keep the customer's accounts, Jennings decided to cut the fees being earned by third-party managers without their knowledge or consent, thereby misappropriating their intangible property rights. As a very experienced broker with many years' experience working with third-party managers, Jennings knew that the managers considered their investment strategies to constitute proprietary, confidential business information.

The suspension was in effect from May 6, 2013, through May 17, 2013. ([FINRA Case #2008013864401](#))

Joseph Henry Johnson (CRD #1312422, Registered Principal, Sayville, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Johnson consented to the described sanctions and to the entry of findings that he engaged in unsuitable short-term trading and switching of municipal bond closed-ended funds in customers' joint brokerage account. The findings stated that Johnson recommended that the joint account purchase shares of closed-end municipal bond funds with long-term, conservative objectives and then sell the shares in a relatively short time frame. Johnson frequently switched them with other similar municipal bond closed-end funds. The products in question did not have any meaningful differences and the transactions yielded little to no profit; the joint account suffered losses of approximately \$25,000 and was charged approximately \$14,000 in commissions.

The suspension was in effect from May 6, 2013, through June 4, 2013. ([FINRA Case #2010024001501](#))

Sheila J. Justin (CRD #4658561, Registered Representative, Lancaster, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$7,500 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Justin consented to the described sanctions and to the entry of findings that she was listed as the broker of record on several accounts and variable annuity transactions, but allowed another individual to service the accounts and effect the transactions. The findings stated that Justin knew that the individual signed her name on variable annuity applications, thus rendering these records and related books and records of her member firm inaccurate. The various variable annuity issuers had not approved the individual to sell these annuities.

The suspension is in effect from May 20, 2013, through October 19, 2013. ([FINRA Case #2011030781402](#))

Matthew Gordon Kartchner (CRD #4912771, Registered Representative, Taylorsville, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Kartchner's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kartchner consented to the described sanctions and to the entry of findings that he created new fictitious property and casualty insurance policies in order to collect bonus incentives worth approximately \$56,000. The findings stated that to create the fictitious policies, Kartchner used personal information he obtained from individuals who had requested an insurance quote but who ultimately did not purchase a policy. Kartchner used fictitious and/or incorrect addresses, so the policies were never delivered to the alleged policy holders. The insurance affiliate detected the false policies before paying Kartchner

the incentive-performance bonuses. The findings also stated that Kartchner submitted an Electronic Funds Transfer Authorization Form to his member firm's insurance affiliate for an insurance customer. Kartchner signed the customer's name on the form, which enabled him to electronically transfer funds to pay for the customer's required monthly insurance premium and membership dues, without the customer's consent to sign on her behalf.

The suspension is in effect from May 6, 2013, through May 5, 2015. ([FINRA Case #2012031338701](#))

Annie Orion Kim (CRD #4821323, Registered Representative, Chicago, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kim failed to appear for a FINRA on-the-record interview regarding her trading in a customer's securities account. The findings stated that Kim exercised discretion in the customer's securities account without her member firm's written acceptance of the account as discretionary. ([FINRA Case #2010022697101](#))

James Joseph Lennon (CRD #306601, Registered Supervisor, Chester Springs, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Lennon's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lennon consented to the described sanctions and to the entry of findings that he effected discretionary trades in a customer's account without written authorization and without his firm's acceptance of the account as discretionary.

The suspension was in effect from April 15, 2013, through May 14, 2013. ([FINRA Case #2011028953901](#))

Robert Ronald Liggero (CRD #4623608, Registered Representative, Atlantic Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Liggero consented to the described sanctions and to the entry of findings that he signed customers' names on documents related to the opening of authorized IRAs without the customers' knowledge or consent.

The suspension is in effect from May 20, 2013, through June 17, 2013. ([FINRA Case #2011028393301](#))

Bryan R. Mackey (CRD #5444779, Registered Representative, Clarence Center, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Mackey consented to the described sanctions and to the entry of findings that he exercised discretion in connection with transactions

he effected in a customer's account. The findings stated that Mackey did not have the customer's written authorization to place discretionary trades and failed to obtain his member firm's written acceptance of the account as discretionary.

The suspension was in effect from May 20, 2013, through June 10, 2013. ([FINRA Case #2011027747401](#))

Michael Corbett Milne (CRD #1842992, Registered Principal, Ocala, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Milne consented to the described sanctions and to the entry of findings that he exercised discretion in the customers' accounts by selling out positions that they held in a stock. Milne had previously discussed, with his customers who held shares, the strategy of selling this stock if a target price was reached or a downturn seemed likely, and generally obtained approval of this approach. However, Milne did not obtain the customers' written authorization or his member firm's approval to exercise discretion, and in most cases he did not contact customers before selling the stock.

The suspension was in effect from May 20, 2013, through June 10, 2013. ([FINRA Case #2011026262301](#))

Julie Thompson Moat aka Jill Moat (CRD #4916242, Registered Representative, Henderson, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for 45 days and ordered to pay \$26,180 in restitution to the customer, jointly and severally with CM Securities, LLC and Todd Parriott. In light of Moat's financial status, no monetary fine was imposed, and Moat will be required to make restitution payments to the customer in two installments of \$13,090. Moat shall make the first restitution payment when she receives notice that this AWC has been accepted. Moat shall pay the remaining \$13,090 to the customer on or before February 28, 2014, subject to any restitution payments made by CM Securities, LLC or Todd Parriott. Without admitting or denying the findings, Moat consented to the described sanctions and to the entry of findings that she recommended and effected purchases of a non-traded real estate investment trust (REIT) to a customer, which were unsuitable given the customer's age, income, amount of investment assets, investment objectives and risk tolerance. Moat inaccurately listed the customer's net worth as \$45,000 and his income as \$45,000 on new account document (NAD) and subscription agreements when his actual income was approximately \$18,300 and he had investable assets of \$63,000. Moat also incorrectly listed all of the solicited purchases as unsolicited on the subscription agreements. The findings stated that Moat recommended to the customer that he reinvest the proceeds of trust deed investments in a REIT and effected three REIT purchases totaling \$39,020 in the customer's account. Based on Moat's recommendations, the customer's investable assets were concentrated at 62 percent in the REIT. The findings also stated that this unsuitable concentration level exposed the customer to a risk of loss

inconsistent with his stated risk tolerance and stated investment objective. The customer did not meet the REIT's minimum financial suitability requirements as disclosed in its prospectus and lost his entire principal investment in the REIT. The findings also included that by recommending the unsuitable REIT purchases to the customer and entering inaccurate information on his NAD and agreements, Moat caused her member firm to maintain inaccurate business records

The suspension is in effect from May 6, 2013, to June 19, 2013. ([FINRA Case #2009017346703](#))

Ronald Wayne Nichter (CRD #3127417, Registered Principal, Greenfield, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Nichter consented to the described sanction and to the entry of findings that he misappropriated approximately \$140,000 from customers. The findings stated that in order to carry out the misappropriations, Nichter forged the clients' signatures on Letters of Authorization that instructed his member firm's clearing firm to issue checks made payable to the customers. Nichter then intercepted the checks, endorsed them, deposited them into his personal account, and utilized the funds for his personal use without the customers' knowledge and consent. ([FINRA Case #2013036619401](#))

Ormond Hart Ormsby (CRD #1017594, Registered Representative, Portland, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Ormsby's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ormsby consented to the described sanctions and to the entry of findings that he effected private securities transactions by acting as an intermediary between customers to facilitate the purchase of shares in a fund from a fellow firm customer. Ormsby engaged in the transactions without providing written notice to, or receiving approval from, either of his member firms. As a result of these transactions, Ormsby obtained \$2,779 in commissions. The findings stated that Ormsby accepted a \$25,000 loan on behalf of a family member from a customer contrary to his firm's policies that prohibited registered representatives from borrowing money from customers unless certain exceptions applied and the firm approved the arrangement in writing. Ormsby accepted the loan without his firm's knowledge or approval. Ormsby later re-paid the loan to the customer, with interest.

The findings stated that Ormsby failed to disclose certain fiduciary appointments for almost four years to either firm. Both firms had policies requiring representatives to disclose any client accounts for which a delegation of authority or power of attorney was issued or whether the representative was named a trustee, executor or power of attorney

for clients. Ormsby failed to disclose to both firms that he was appointed with a power of attorney for a customer and was nominated as the personal representative for a customer's estate. The findings also stated that Ormsby was subject to numerous liens for unpaid personal taxes, property taxes and withholding taxes totaling approximately \$100,000 for about five years and gradually satisfied the liens but failed to amend his Form U4 to disclose this information during the period in which the liens existed. Ormsby failed to disclose the liens on his Form U4 within the required 30-day period.

The suspension is in effect from May 20, 2013, to November 19, 2013. ([FINRA Case #2012031500701](#))

Sharon Mae Perdue (CRD #2537681, Registered Principal, Longmont, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$15,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Perdue's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Perdue consented to the described sanctions and to the entry of findings that she entered all of her trades in some over-the-counter securities as being unsolicited when, in fact, such trades were solicited, and, by this means, mismarked numerous trades, thereby causing her firm's books and records to be inaccurate. The findings stated that Perdue exercised discretion in customers' accounts. Some of the customers verbally authorized Perdue to make trades in their accounts without requiring her to contact them on the same day of the trade. Other customers authorized Perdue to follow an agreed-upon investment strategy, but she did not always effect the trades on the same day as her discussion with the customers. None of the customers had provided written authorization to Perdue to exercise such discretion, and she did not have the firm's prior written acceptance of any discretionary account. The findings also stated that Perdue sent misleading email communications to some customers that failed to disclose material information about the securities she recommended, included false and/or misleading information, contained predictions and/or projections of future price performance for securities, and failed to include a reasonable basis for the securities she recommended. The findings also included that Perdue made material misrepresentations to customers, when she made improper price predictions and promised unrealistic returns regarding certain over-the-counter securities she had recommended to the customers. FINRA found that Perdue recommended and sold a low-priced, over-the-counter security to customers who were seniors. When Perdue made the recommendations and sales, she did not have reasonable grounds for believing that the recommendations were suitable based on each customer's other security holdings, financial situation and needs.

The suspension is in effect from April 15, 2013, through April 14, 2015. ([FINRA Case #2010025477001](#))

Kenneth Patrick Petticolas (CRD #1353086, Registered Representative, Hayden, Idaho) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for one year. In light of Petticolas' financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Petticolas consented to the described sanction and to the entry of findings that he participated in a private securities transaction with the sale of a life settlement contract to an investor for approximately \$455,925, and the sale was not conducted through his member firm. The findings stated that prior to participating in the sale of the life settlement contract, Petticolas did not provide any written notice to his firm regarding that transaction. The firm prohibited sales of viaticals by its registered representatives. The firm's insurance affiliate prohibited its agents, including Petticolas, from participating in any kind of viatical or life settlement transaction, except that they were permitted to assist a client who owned a non-variable insurance policy and wished to sell it to a viatical company. The findings also stated that Petticolas received approximately \$50,151.75 from the entity as compensation for the sale of the life settlement contract to the investor. The findings also included that Petticolas failed to respond in a timely manner to FINRA's requests for documents and information regarding private securities transactions or outside business activities.

The suspension is in effect from May 6, 2013, through May 5, 2014. ([FINRA Case #2011027041101](#))

Frank J. Pingatore III (CRD #1684320, Registered Representative, Wilmington, Delaware) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Pingatore's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pingatore consented to the described sanctions and to the entry of findings that he forged the firm customers' signatures on documents, most without the customers' knowledge, authorization or consent. Pingatore forged the customers' signatures to expedite the processing of variable annuity forms, and all of his customers ultimately authorized the underlying actions.

The suspension is in effect from April 15, 2013, through October 14, 2014. ([FINRA Case #2010022735201](#))

Philip Pursino (CRD #3212554, Registered Representative, West Hempstead, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Pursino's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pursino consented to the described sanctions and to the entry of findings that he

borrowed a total of \$750,000 from customers, through his company, to provide funding for business capital contrary to his member firm's WSPs, which permitted registered persons to borrow from customers only under limited circumstances and only after obtaining the firm's written pre-approval. In connection with the loans, Pursino drafted and signed promissory notes on his company's behalf. In each instance, he failed to notify or obtain his member firm's advance written approval of the loans. Pursino's company has repaid a portion of each loan.

The suspension was in effect from April 15, 2013, through June 14, 2013. ([FINRA Case #2011028331601](#))

Thomas Gerald Recck (CRD #2703877, Registered Representative, Wethersfield, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Recck consented to the described sanction and to the entry of findings that he was the treasurer of a non-profit organization that maintained an account that Recck serviced at his member firm. Recck transferred approximately \$80,000 from the organization's firm brokerage account to one of the organization's bank accounts. Recck then converted a total of approximately \$140,000 in funds from that bank account, and another organization bank account, for his personal benefit. The findings stated that Recck failed to appear for a FINRA on-the-record interview and indicated that he would not cooperate with FINRA's investigation by providing testimony. ([FINRA Case #2012032292601](#))

Richard Lee Reno Sr. (CRD #1254024, Registered Principal, Beaver Falls, Pennsylvania) was fined \$30,000 and suspended from association with any FINRA member in any principal capacity for one year. The fine shall be due and payable if Reno should reenter the securities industry. The sanctions were based on findings that Reno, while serving as his member firm's CCO, willfully permitted his member firm to effect transactions in College 529 Plans for which it was neither qualified nor registered, without a qualified principal to oversee it, and without a supervisory system or WSPs addressing its municipal securities business. The findings stated that the violations relating to the municipal securities business were willful, given Reno's knowledge of the same deficiencies identified in connection with a previous FINRA examination. The findings also stated that Reno failed to review outgoing correspondence or to maintain and preserve incoming and outgoing correspondence as required by law, regulation and the firm's own procedures, thereby failing to ensure that the firm had any effective retention procedures in place for correspondence. The findings also included that Reno participated in branch office inspections even though he was in the line of supervision in violation of the requirements of FINRA rules, and failed to supervise a proper inspection program that required the firm to prepare and keep a written report of any inspection for three years.

The suspension is in effect from April 15, 2013, through April 14, 2014. ([FINRA Case #2011025604002](#))

Manuel M. Roberto aka Manuel M. Nieto (CRD #4168104, Registered Representative, Kailua Kona, Hawaii) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the allegations, Roberto consented to the described sanctions and to the entry of findings that he borrowed \$35,000 from his customer at his member firm. The findings stated that at the time of the loan, the firm's written procedures required that registered representatives submit written requests for approval of any loans from their customers, and further required that all approvals of such loans by the firm be in writing. Roberto never submitted any request for approval of his loan from the customer, and the firm never approved the loan. The loan from the customer did not fall into any of the permissible categories of lending arrangements listed in the applicable rule. The findings also stated that Roberto subsequently completed annual compliance questionnaires administered by his firm and made inaccurate answers to the firm on the compliance questionnaires regarding borrowing money from or loaning money to customers.

The suspension is in effect from May 20, 2013, through July 1, 2013. ([FINRA Case #2010021466901](#))

Cecilia Sawyer aka Cecilia Villanueva (CRD #2549482, Registered Principal, Federal Way, Washington) was barred from association with any FINRA member in any capacity. The sanction was based on findings that customers opened an account with Sawyer at her member firm and invested a total of \$130,000 in a variable annuity. The annuitant died and the beneficiary divorced the same year, and no annuity claim was filed at the time. The findings stated that more than three years later, Sawyer made a claim for the death benefit and directed it to be mailed to the beneficiary at a mailbox she opened. A \$148,361 check was mailed to the beneficiary at the mailbox, where Sawyer exercised control of the check by depositing it in a checking account she opened in the beneficiary's name, without his knowledge or consent. Sawyer and her husband withdrew funds from the account for their own benefit; Sawyer also purchased an \$83,000 variable annuity for the beneficiary's former wife, without his knowledge, and he received no death benefit proceeds. The findings also stated that Sawyer failed to respond to FINRA requests for information and documents. ([FINRA Case #2011030621501](#))

Richard Walter Simpson (CRD #2129917, Registered Principal, San Diego, California) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the allegations, Simpson consented to the described sanction and to the entry of findings that he willfully failed to disclose material facts on his Form U4 in connection with judgments, liens and civil actions. Simpson's failure to disclose a settled federal action and other judgments was non-willful.

The suspension is in effect from April 15, 2013, through October 14, 2014. ([FINRA Case #2010021217701](#))

Randy Jason Schneider (CRD #2499925, Registered Representative, West Orange, New Jersey) was barred from association with any FINRA member in any capacity and ordered to pay \$282,000, plus interest, in restitution to customers. Schneider appealed the OHO decision to the NAC, but the appeal was dismissed as abandoned. The sanctions were based on findings that Schneider received checks totaling approximately \$39,000 from an elderly customer to deposit into the customer's brokerage account for later purchases of bonds but instead, either cashed or deposited the checks into his own bank account for his personal benefit and never disclosed the misappropriation to the customer. The customer never authorized Schneider to use the funds for his personal use. The findings stated that Schneider also deposited the customer's bearer bonds into his own brokerage account, sold the bonds and used the proceeds, totaling \$223,000, for his personal use, without disclosing the sale to the customer and without the customer's authorization to sell the bonds and take the proceeds for his personal use. The findings also stated that the customer's brother, another customer of Schneider's, delivered bearer bonds totaling approximately \$20,000 to Schneider for deposit into his brokerage account, and Schneider provided him with a receipt evidencing acceptance of the bonds. Instead of depositing the bonds, Schneider sold the bonds and took the proceeds for his own use, without authorization. The findings also included that Schneider wired portions of the funds and bond proceeds between his brokerage and personal bank accounts, which made it more difficult to trace them back to his customers. FINRA found that Schneider failed to respond to FINRA requests for information, documents and to appear for on-the-record testimony. ([FINRA Case #2011029676001](#))

Robert David Smith (CRD #5009835, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the described sanction and to the entry of findings that he misappropriated more than \$12,600 from his member firm by submitting false travel and expense reports to his member firm for meals, drinks and transportation purportedly for client entertainment. The findings stated that the expense reports were false and misleading because none of the clients Smith listed attended the events and, on numerous occasions, the only attendees were the firm's employees, not clients. Smith later reimbursed \$12,600 to the firm. The findings also stated that by intentionally submitting false and misleading expense reports, Smith caused the books and records his firm preserved to be inaccurate. ([FINRA Case #2011029740301](#))

Jonathan Gordon Sorensen (CRD #5031354, Registered Representative, Maitland, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sorensen consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview; and, subsequently, through his attorney, informed FINRA that he would not appear for an on-the-record interview. The findings stated that Sorensen's appearance was requested as part of an investigation

into his management of a limited partnership investment fund while associated with his member firm, and in particular, whether he had converted/misused investor funds and falsified documents in connection with his management of the fund. ([FINRA Case #2013036459501](#))

Akber Syed (CRD #5760452, Associated Person, Irving, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Syed's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Syed consented to the described sanction and to the entry of findings that he wrote checks totaling \$6,700 from his account at a brokerage firm and deposited them into his account at another brokerage firm, knowing that there were insufficient funds in his account at the first brokerage firm. The findings stated that in the first instance, immediately after deposit of the check, Syed wired the funds back to his account at the first brokerage firm to purchase a company's stock options. The options expired unexercised. Because the funds were not available at the time Syed wrote the first check, the check was eventually returned for insufficient funds. Syed later deposited funds into his account at the second brokerage firm to cover the shortfall caused by his purchase of the stock options with unavailable funds. The findings also stated that on separate dates, Syed wrote additional checks drawn on his account at the first brokerage firm and deposited the checks into his account at the second brokerage firm. However, before Syed could wire the funds back to the first brokerage firm, the checks were returned for insufficient funds. At the time Syed withdrew the funds from his account at the first brokerage firm, he was aware the account had insufficient funds to cover the amount of the checks.

The suspension is in effect from May 6, 2013, through August 5, 2013. ([FINRA Case #2012033122901](#))

Frank John Tarazon (CRD #3272807, Registered Representative, Oxnard, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Tarazon's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Tarazon consented to the described sanctions and to the entry of findings that he borrowed a total of \$368,692 from an elderly customer contrary to his member firm's policies and procedures, which prohibited registered representatives from borrowing money from customers, except from immediate family members. The findings stated that Tarazon never sought permission to borrow funds from the customer and the firm was unaware of the customer's loans to Tarazon. The findings also stated that Tarazon maintained or had a financial interest in brokerage accounts held outside his member firm without providing the firm with written notice of these accounts or receiving the firm's prior approval to open or hold an interest in the accounts. The findings also included that

Tarazon was designated as a successor trustee to the customer's trust and as a beneficiary to that trust. Tarazon's firm's policies and procedures prohibited registered representatives from being named as a beneficiary on an account or from acting in the capacity of a guardianship, conservator, trustee, power of attorney, or any similar type of relationship on behalf of any unrelated person without first obtaining the firm's written approval. This prohibition included acting as a beneficiary of a trust or estate. FINRA found that during his firm's annual inspections, Tarazon falsely stated to his supervisor that he did not have any undisclosed outside brokerage accounts. Tarazon also falsely stated on annual business questionnaires that he had not been named as a trustee or beneficiary of a customer's trust.

The suspension is in effect from April 15, 2013, through October 14, 2013. ([FINRA Case #2011027681401](#))

Yona S. Thomas fka Yona S. Reaux (CRD #4677245, Registered Representative, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Thomas consented to the described sanctions and to the entry of findings that she failed to report material information to her member firm and to timely update her Form U4.

The suspension was in effect from May 6, 2013, through June 4, 2013. ([FINRA Case #2012031851101](#))

Richard Warren Towt (CRD #448621, Registered Principal, San Diego, California) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for six months and required to provide FINRA staff with evidence that he has satisfactorily completed 40 hours of continuing education, including courses that cover communications with the public and use of sales materials, after the expiration of the suspension and prior to associating with a FINRA member in a principal capacity. In light of Towt's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Towt consented to the described sanctions and to the entry of findings that a stock promoter telephoned him to propose a business arrangement, pursuant to which the stock promoter would prepare and publish news articles under Towt's member firm's name and, in exchange, pay the firm \$1,000 per article, to which Towt agreed. The findings stated that the stock promoter issued the first release, discussing the wind power industry and specific public companies involved in the wind industry. The release failed to provide any reasonable basis for believing the assertions and failed to provide a sound basis for evaluating the facts with respect to the wind industry in general and the specific securities referenced. Thus the release failed to disclose risks and uncertainties involved in the wind power business, such as the difficulty in obtaining financing for wind turbines and also omitted mention of serious financial and operational difficulties that the public companies faced, including the fact that both

had received going concern opinions from their respective auditors. Although the release mentioned exchange-traded funds (ETFs), it did not contain the disclosure required pursuant to SEC Rule 482(b)(1). The findings also stated that Towt did not write the release and did not receive or review it before the stock promoter caused it to be published. The firm received a bank wire for \$1,000 in accordance with Towt's and the stock promoter's agreement. Later that month, in an email, the stock promoter proposed lowering the payment per article to \$750 in order to attract more business. Towt agreed to the price reduction and, for the first time, requested a copy of any articles published to date. The stock promoter responded that there had been only one article and sent Towt a copy of the press release.

The findings also included that the stock promoter issued a second release, which also concerned the wind power industry and again referenced the same public companies, among other public companies. The body of the release contained additional unsupported claims and failed to reference any basis for its assertions. Towt did not write the second release and did not receive or review the release before the stock promoter caused it to be published. The firm received a \$750 wire from the stock promoter. Thus, Towt and the firm did not review or verify any of the information in the releases before publication.

FINRA found that both releases contained inaccurate and misleading information, by falsely asserting that they were issued by Towt's firm, a member of FINRA, and neither release indicated that the stock promoter had prepared and issued the releases and had paid a fee to use the firm's name. Neither release indicated that the stock promoter, the real author, had close affiliations with issuers mentioned favorably in the releases, and the releases failed to disclose that the public companies were facing serious financial and operational difficulties and that both had received going concern opinions from their respective auditors. The press releases constituted advertisements as defined in NASD Rule 2210(a)(1). Both purported to be original research and were issued under the firm's name. Although the firm had not previously filed advertisements with FINRA's Advertising Regulation Department, Towt and the firm did not file the releases prior to use. Both releases falsely claimed that the firm, rather than the stock promoter, issued the releases and omitted facts that caused the releases to be misleading. The releases did not reference any sources to support optimistic statements regarding specific issuers mentioned or the wind power industry generally. The releases failed to provide a sound basis for evaluating factual assertions. There was no discussion of risks or uncertainties involved in the wind power business in general, or risks faced by specific issuers like the public companies, which were experiencing serious operational and financial problems.

The suspension is in effect from April 15, 2013, through October 14, 2013. ([FINRA Case #2012031056001](#))

Manry Sumaqui Valenzona (CRD #3195544, Registered Representative, Chicago, Illinois) 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, Valenzona consented to the described sanction and to the entry of findings that he failed to appear and provide on-the-record testimony as FINRA requested, related to his failing to disclose fees and penalties to clients on variable annuity transactions and having a client sign a blank document. ([FINRA Case #2011026761901](#))

Matthew Michael Van Schaik (CRD #4531203, Registered Representative, Beavercreek, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Van Schaik consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview in connection with an investigation into the circumstances surrounding an internal review initiated by his prior member firm concerning, among other matters, his receipt via email of confidential customer information. ([FINRA Case #2011028461501](#))

Timothy Martin Wheeler (CRD #5786068, Registered Representative, Tinley Park, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Wheeler failed the Series 66 examination a second time, but concealed his failure from his member firm and falsely represented that he had passed the examination. The findings stated that after returning to his office from the examination location, Wheeler gave copies of his score report to his superiors that purported to show that he had passed. Although Wheeler claimed in an unsworn statement that he left the original with his supervisor, his supervisor stated under oath that Wheeler did not give him the original score report for the examination. Wheeler also told people in his work area that he had passed the exam. The findings also stated that Wheeler attempted, a week after taking the examination, to participate in a training program sponsored by his firm and was denied entrance to the training program because FINRA's Gateway records reflected that he had failed the examination. The discrepancy between Wheeler's claim that he passed the examination and FINRA's records caused his supervisor to ask him to provide the firm with the original score report received from the PROCTOR® system the day he took the examination. Wheeler provided his supervisor with what he claimed was the original score report. Another employee was standing with his supervisor at the time, and both stated under oath that they could tell immediately that the score report had been falsified. The seal in the lower right hand corner that should have been embossed had been glued onto the page and was peeling off, and the typing on the document was not straight. The findings also included that Wheeler telephoned FINRA to say that he had a document indicating that he had passed the Series 66 examination. Wheeler sent a copy of the document by facsimile. That document bore signs of falsification, in addition to the glued and peeling seal. ([FINRA Case #2010024320101](#))

John Karol Woch (CRD #726857, Registered Supervisor, Bloomfield Hills, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, Woch consented to the described sanctions and to the entry of findings that he had recommended the purchase of shares of a pharmaceutical company, which was awaiting final Food and Drug Administration (FDA) approval for a particular drug, to some of his customers. The findings stated that the customers had purchased the shares with the understanding that they would be sold immediately upon FDA approval. On the day of the FDA approval, Woch was out of town and could not reach all of his customers to obtain prior authorization to sell the shares. Consistent with previous discussions with these customers, Woch proceeded with the sale of the shares for some of these customers. The findings also stated that in doing so, Woch failed to follow his member firm's protocol regarding discretionary trading. A few months before these transactions, Woch had been notified by his firm regarding exercising discretion without authority, but proceeded to do so with the sale of the shares for some of the customers.

The suspension was in effect from May 6, 2013, through May 10, 2013. ([FINRA Case #2010023334501](#))

Michael John Woods (CRD #1884701, Registered Principal, Dexter, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Woods' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Woods consented to the described sanctions and to the entry of findings that he engaged in an outside business activity without providing prompt written notice to his member firm. The findings stated that Woods obtained signature authority on the firm customer's bank account and wrote checks to pay the customer's monthly bills in exchange for fees that totaled at least \$1,500. The customer, at the time, was 78 years old, was arthritic, and according to Woods, needed help to manage his affairs. The findings also stated that Woods created a false document bearing the customer's photocopied signature by photocopying the customer's signature from a variable annuity withdrawal form the customer had previously signed. Woods dated the new form and submitted the document to the annuity issuer three days after the customer died. The withdrawn monies were deposited into the customer's bank account, which Woods controlled as the trustee of the customer's trust. Woods issued checks drawn from that bank account to pay himself fees for estate services that he rendered as trustee of the trust. The findings also included that Woods willfully failed to timely disclose federal tax liens levied against him on his Form U4.

The suspension is in effect from May 6, 2013, through May 5, 2015. ([FINRA Case #2011027621801](#))

Michael Antonio Zurita (CRD #1659844, Registered Principal, Orlando, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any principal capacity for six months. In light of Zurita's financial status, no monetary sanction was imposed. Without admitting or denying the findings, Zurita consented to the described sanction and to the entry of findings that he failed to reasonably supervise the sale of unregistered shares of low-priced stock of issuers on behalf of customers. A registered representative effected the sale of the unregistered stocks and failed to conduct a searching inquiry to ensure the sales did not violate Section 5 of the Securities Act of 1933. The representative completed deposited securities request (DSR) forms and submitted them to Zurita for review. Zurita's review process primarily involved ensuring the forms had been completed in full, and failed to ensure that the information was accurate, consistent and did not raise any red flags. Zurita relied on the representative to obtain all relevant information and documentation and determine on his own that the shares were registered or exempt from registration, so he failed to ensure the representative complied with the requirements of Section 5 and failed to reasonably supervise the sale of unregistered securities. The findings stated that as the president and CCO of his member firm, Zurita was responsible for developing and maintaining an adequate supervisory system as well as the firm's WSPs to ensure compliance with applicable laws. Zurita failed to have procedures in place to prevent the sale of unregistered securities not exempt from registration, and would have identified which individuals were to perform each step of the review and approval process. The findings also stated that Zurita failed to establish an adequate supervisory system to ensure that unregistered securities were freely tradable. The system was inadequate because it simply required that a principal ensure a DSR form was completed in full, rather than investigate each transaction to determine the existence of any red flags.

The suspension is in effect from April 15, 2013, through October 14, 2013. ([FINRA Case #2009019534203](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of April 30, 2013. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary and Other Actions.

Shlomi Steven Eplboim (CRD #2417002, Registered Representative, Tarzana, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Eplboim failed to respond to FINRA requests for information and documents concerning his outside business activities. Eplboim also did not provide bank account statements and supporting documentation for items over \$1,000 on the account statements.

The decision has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2011025674101](#))

Steven Robert Tomlinson (CRD #723330, Registered Supervisor, Painted Post, New York) was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. The sanctions were based on findings that Tomlinson secretly downloaded confidential, non-public information belonging to customers of his former member firm onto his personal flash drive, without authorization, when he decided to change his firm. The findings stated that Tomlinson did so in violation of the duty he owed to the customers to protect their information, and in violation of specific requirements imposed by both his previous firm's affiliated credit union and the new firm. The findings also stated that Tomlinson then gave the flash drive to an administrative assistant at his new firm to use in assisting him to contact clients. Tomlinson did not supervise her use of the flash drive. She and other personnel at the new firm had unfettered access to the files on the flash drive and were never warned that confidential, non-public information was on it. The flash drive was unencrypted and not password-protected. The findings also included that upon an investigation of Tomlinson's conduct by his previous firm's affiliated credit union, he attempted to conceal what he had done. During the credit union exit interview, Tomlinson returned a virtual private network (VPN) token and turned over his keys and other things to the credit union. A credit union information technology (IT) person wiped clean the telephone that the credit union had purchased for Tomlinson's use and returned the telephone to Tomlinson, leaving only his personal information on it. There was no discussion of Tomlinson's flash drive or personal laptop. It was against policy for employees to use personal laptops for credit union work, so in the exit interview, a personal laptop would not ordinarily be requested or examined. FINRA found that Tomlinson's conduct was against his previous firm's policy and an agreement he had signed with them. Tomlinson's new firm instructed him to bring no other information than what could be used to address announcements of his move: the names, phone numbers and addresses of his clients.

The decision has been appealed to the NAC and the sanctions are not in effect pending the appeal. ([FINRA Case #2009017527501](#))

Angelo Xagoraris (CRD #2495422, Registered Principal, Santa Clara, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Xagoraris made unsuitable recommendations to customers to purchase variable universal life (VUL) policies because the customers did not have any discretionary income. The findings stated that Xagoraris' recommendation to a customer to liquefy equity in her home to make payment on a VUL policy and to invest in a mutual fund was unsuitable because, rather than addressing her need to manage her debt, it caused her debt burden to increase. Xagoraris had a conflict of interest because he was the loan officer on the refinancing and recommended the customer use the funds to make investments that provided him a commission. The findings also stated that Xagoraris failed to provide written notice to his firm that he was engaged in a real estate venture with a customer

outside the scope of his relationship with the firm. The findings also included that Xagoraris provided false answers on his member firm's compliance questionnaires when he denied he had accepted a check from any firm customers, although he had knowingly accepted a \$70,000 check from a customer. Xagoraris' false answers denied the firm the opportunity to review the transaction, which involved significant potential conflicts of interest and misconduct.

The decision has been appealed to the NAC and the sanction is not in effect pending the appeal. ([FINRA Case #2008012767401](#))

Complaints Filed

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

Paul David Arnold (CRD #2278472, Registered Principal, Clearwater, Florida) was named a respondent in a FINRA complaint alleging that he misappropriated and misused funds totaling \$173,600 from an elderly customer, by having the customer sign blank checks that Arnold later made payable to his wife or son without the customer's authorization. The customer thought the blank checks that Arnold had him sign were being used to pay the customer's bills; many of them were not. The complaint alleges that Arnold failed to appear and provide testimony in connection with a FINRA investigation. ([FINRA Case #2011029210401](#))

Tom David English (CRD #2459450, Registered Principal, Encinitas, California) was named a respondent in a FINRA complaint alleging that he made unsuitable recommendations to customers when he recommended that they purchase a variety of alternative investments and securities without having a reasonable basis to believe these investments were suitable for the customers' financial situations and needs. The complaint alleges that some of the customers were elderly, some had no liquid assets other than the proceeds of their home equity refinance, and all had limited incomes and net worth. Nevertheless, without any reasonable basis, English recommended investments that exposed them to an undue risk of loss by concentrating their limited assets in speculative and illiquid securities, and they were unsophisticated and inexperienced investors. The complaint also alleges that English knowingly submitted investment documents that he knew inaccurately described customers' financial statuses, including their income, net worth, investment experience and status as accredited investors. The complaint further alleges that English intentionally or, at minimum, recklessly willfully omitted to disclose material information in connection with a customer's purchase of a bond in a limited partnership. ([FINRA Case #2010022598501](#))

Stephen Grivas (CRD #1829703, Registered Representative, Jericho, New York) was named a respondent in a FINRA complaint alleging that he formed a fund to pool funds for the sole purpose of investing, acquiring, holding and/or selling Facebook, Inc. (Facebook) securities. The complaint alleges that the fund's intention, as set out in the private placement memorandum (PPM), was to purchase shares of Facebook on the secondary market for private company stock. By offering investors the opportunity to invest in the fund, they would gain an indirect interest in privately held Facebook stock before an initial public offering. Grivas was the sole designated manager for the fund and had sole authority to invest fund assets, pay fund expenses and otherwise transfer the assets of the fund. Grivas had sole signatory authority over the fund's operating account, which invested the fund's assets and the fund's management account, which was set up to receive any of the management fees due to the fund. The complaint also alleges that Grivas' member firm was one of the placement agents that sold interests in the fund. The fund used the money raised from the offering to purchase Facebook shares. Due to limited availability of shares in the secondary market, the fund was unable to invest all the funds it raised into Facebook shares. The complaint further alleges that Grivas wired \$224,046 from the fund's operating account to its management account as his management fee pursuant to the terms of the fund's PPM, constituting 2 percent of the gross proceeds of the offering. Grivas wired an additional \$280,000 from the fund's operating account to its management account and then immediately transferred the \$280,000 from the fund's management account to a bank account that he owns and maintains for his personal investment purposes with the sole authority to withdraw funds from the account. The same day, Grivas wired the entire \$280,000 from his bank account to the bank account of his firm's holding company. The next day, Grivas wired \$280,000 from the holding company's bank account to his firm's bank account, which was experiencing financial difficulties. In addition, the complaint alleges that the firm submitted a Securities Exchange Act of 1934 Rule 17a-11(b) notification, indicating that the firm had a net capital deficiency of \$110,000 and indicated that the firm had received a capital contribution of \$280,000, which allowed the firm to get back into net capital compliance. Grivas was not entitled to withdraw \$280,000 and transfer it to his capital-deficient firm. Neither the fund's PPM nor the operating agreement allowed Grivas to receive more than the maximum 2 percent management fee from the fund, which he had already withdrawn. Grivas did not provide any notice, before or afterward, to the investors in the fund that he was withdrawing \$280,000 from the fund or using proceeds of the fund to capitalize his firm. Grivas did not issue a note or any other type of agreement, in his or his firm's behalf, acknowledging the \$280,000 withdrawal from the fund's bank account. Moreover, the complaint alleges that for purposes of assisting with the fund's business activities, Grivas retained a consultant on behalf of the fund. Grivas did not disclose to the consultant that he had transferred \$280,000 from the fund to the firm until the day before the consultant provided investigative testimony to FINRA. Until that time, the consultant sent Grivas repeated emails informing him that the fund needed to return the remaining uninvested funds to investors. Furthermore, the complaint alleges that fund investors have not received a return of their remaining funds and Grivas has not returned the \$280,000 to any of the fund's bank accounts. ([FINRA Case #2012032997201](#))

David Harari (CRD #4094088, Registered Representative, San Antonio, Texas) was named a respondent in a FINRA complaint alleging that he provided false information and documents to FINRA and his member firm in connection with an investigation into his business dealings with a customer who was also a close friend of his. The complaint alleges that in response to a FINRA letter requiring Harari to provide certain information and documents, he falsely told FINRA staff that he had repaid a \$20,000 loan from the customer, and supported that lie by inducing the customer to prepare and sign a letter containing false representations which he sent to FINRA and to his firm, knowing it to be untrue. The complaint also alleges that Harari testified falsely under oath that he did not draft the letter. The complaint further alleges that Harari caused the customer to give him a total of \$15,000 under false pretenses, purportedly as financial planning fees, although the customer was also paying the fees to Harari's firm. Harari misappropriated and converted the \$15,000 that had been entrusted to him by the customer for the purpose of paying her financial planning fees, appropriating them for his own use instead of remitting them to his firm. Harari again provided false information and documentation in response to a FINRA request for information about those payments. In addition, the complaint alleges that Harari failed to disclose tax liens on his Form U4. ([FINRA Case #2011025899601](#))

Jeffrey Austin Jarrett (CRD #4402927, Registered Representative, Auburn, Indiana) was named a respondent in a FINRA complaint alleging that he recommended that a customer sell a mutual fund in which she was purportedly losing money and invest in a money market account with his company, an outside business activity. The customer sold her IRA, which consisted of a \$65,000 mutual fund, and gave a \$65,000 check to Jarrett without receiving any documents evidencing her investment in a money market fund. The complaint alleges that Jarrett did not invest her funds and misappropriated the funds, converting them for personal use, without her knowledge or authorization. The complaint also alleges that after repeated requests for the return of her money, Jarrett wired \$10,200 to the customer's checking account but she has not received the remaining balance. The complaint further alleges that Jarrett solicited an elderly customer and relative to invest \$310,000 in flexible premium-indexed annuities with an insurance company, which she purchased upon Jarrett's recommendation. Jarrett signed both annuities as the customer's agent/broker. Jarrett convinced the customer to withdraw her money from the annuities and purchase a single annuity with another insurance company. The customer wrote checks totaling \$310,000 to Jarrett's company and Jarrett misappropriated the funds when he converted her funds for his personal use, without the customer's authorization. The customer has not yet received any information from Jarrett regarding her funds and has not received the return of her \$310,000. In addition, the complaint alleges that Jarrett organized his company, a limited liability company, without providing written notice or otherwise disclosing his affiliation with, or the money he received through, his company to his member firm. Moreover, the complaint alleges that Jarrett failed to respond to FINRA requests for documents, information and to appear for testimony. ([FINRA Case #2012031599601](#))

David Francis Mickelson (CRD #2187596, Registered Representative, Oceanside, California) was named a respondent in a FINRA complaint alleging that he participated in private securities transactions outside the scope of his association with his member firm without providing prior written notice of the proposed transactions or his proposed role in them in contravention to the firm's procedures. On several of the firm's annual certification and acknowledgement questionnaires, Mickelson falsely represented that he had not engaged in private securities transactions. The complaint alleges that Mickelson engaged in business activities for compensation outside of the scope of his relationship with his firm without providing prompt written notice of these activities to the firm and in contravention of the firm's procedures. The complaint also alleges that Mickelson failed to disclose to his firm the existence of brokerage accounts at other broker-dealers, which he or members of his immediate family owned or over which they exercised control, including in annual certifications he submitted to the firm, and in contravention of the firm's procedures. Mickelson also failed to disclose his affiliation with his firm to the broker-dealers at which the accounts were held. The complaint further alleges that a person associated with a member firm generally may not purchase a new issue in any account in which such person has a beneficial interest, with limited exceptions. Mickelson was allocated and purchased shares of a company during the initial public offering of a company. Mickelson was associated with a member firm at the time, and none of the limited exceptions to the applicable rule were met. In addition, the complaint alleges that Mickelson negligently made untrue statements of material facts and/or omitted to state material facts in communication with customers regarding their investments in a fund. Moreover, the complaint alleges that in contravention of firm procedures, Mickelson maintained websites that contained securities-related communications with the public. The websites were not password-protected, but were freely accessible to the public. Mickelson did not disclose the websites to the firm and were not reviewed and approved by a registered principal of the firm prior to use. Furthermore, the complaint alleges that Mickelson engaged in misleading communications with the public. The content of one website made statements that created unrealistic expectations by using misleading, exaggerated or unwarranted language, and made incomplete disclosures in its comparisons. Mickelson, while registered with his firm, through his outside company distributed to potential investors a PowerPoint presentation that contained securities-related communications with the public; the content made statements that created unrealistic expectations by using misleading, exaggerated or unwarranted language, and made statements and claims that appear incomplete and oversimplified. Mickelson did not disclose this presentation to his firm, and it was not reviewed and approved by a registered principal of the firm prior to use. Mickelson distributed to potential investors a brochure that contained securities-related communications with the public, and the content made statements and claims that appear incomplete and oversimplified. Mickelson did not disclose the brochure to the firm and it was not reviewed and approved by a registered principal of the firm prior to use, as required by applicable FINRA rule. The complaint also alleges that Mickelson sent and received securities-related emails using some email accounts that were not approved

by his firm. Mickelson did not routinely forward to the firm any of the securities-related emails sent or received by any of the unapproved email accounts. Mickelson did not maintain these communications in a format that complied with an applicable SEC rule; and by using these email accounts to exchange securities-related emails, he prevented the firm from accessing these communications and complying with its obligations to review correspondence between registered representatives and their customers. Mickelson's conduct prevented the firm from complying with its recordkeeping requirements. ([FINRA Case #2011027481901](#))

Samuel Delshaul Shoemaker (CRD #4932603, Registered Representative, New York, New York) was named a respondent in a FINRA complaint alleging that he provided confidential information regarding customers of his member firm's bank affiliate to a third party who was not authorized to receive it. The complaint alleges that this unauthorized third party used the bank customers' confidential information to fraudulently create debit cards for the customers' accounts, and gave the debit cards to Shoemaker. Shoemaker used the debit cards to make purchases and to obtain funds for the third party, without the customers' knowledge or authorization. The complaint also alleges that Shoemaker misappropriated a total of \$5,375.72 from the bank customers' accounts. The complaint further alleges that Shoemaker failed to comply with FINRA requests for information, documents and on-the-record testimony. ([FINRA Case #2011030666301](#))

Christopher Francis Smith (CRD #2710455, Registered Representative, Hicksville, New York) was named a respondent in a FINRA complaint alleging that he processed two \$10,000 withdrawals a year apart from a customer's brokerage account, without her knowledge or permission, through the use of cashier's checks. The complaint alleges that on both occasions, Smith deposited the check into the customer's bank checking account, less \$3,500 in cash, which Smith kept for himself. The complaint also alleges that Smith withdrew \$2,300 from the customer's checking account, without her knowledge or permission, which he kept for himself. The complaint further alleges that Smith converted \$10,000 from two bank customers by withdrawing \$7,000 and \$3,000, respectively, from their accounts without their knowledge or permission. In addition, the complaint alleges that Smith failed to respond to FINRA requests for documents and information. ([FINRA Case #2012032715001](#))

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.)

Gary Steven Domoracki (CRD #3122366)
Hamilton, Massachusetts
FINRA Case #2008013864401

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

Rochdale Securities LLC (CRD #6863)
Stamford, Connecticut
(April 23, 2013)

Firm 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.)

1792 Securities, LLC (CRD #146048)
Greenville, South Carolina
(April 1, 2013)
FINRA Case #2013035813301

Firms Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

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

ASG Securities, Inc. (CRD #44534)
Ft. Lauderdale, Florida
(April 9, 2013 – April 17, 2013)

Benedetto, Gartland & Company, Inc. (CRD #24083)
New York, New York
(April 24, 2013 – May 30, 2013)

C.P. Baker Securities (CRD #26233)
Boston, Massachusetts
(April 9, 2013 – April 12, 2013)

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(April 9, 2013 – April 16, 2013)

Melvin Securities, L.L.C. (CRD #29767)
Chicago, Illinois
(April 9, 2013)

Redrock Trading Partners, LLC (CRD #133277)
Augusta, Georgia
(April 16, 2013 – May 31, 2013)

1792 Securities, LLC (CRD #146048)
Greenville, South Carolina
(April 9, 2013)

Trinity Distributors LLC (CRD #104084)
Mequon, Wisconsin
(April 9, 2013)

Trinity Distributors LLC (CRD #104084)
 Mequon, Wisconsin
 (April 25, 2013)

Westor Capital Group, Inc. (CRD #103823)
 Herkimer, New York
 (April 9, 2013)

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

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

**Marquis Financial Services of Indiana Inc.
 dba Marquis Financial Services, Inc.
 (CRD #20733)**
 Tarzana, California
 (April 23, 2013 – May 7, 2013)
 FINRA Arbitration Case #12-01393

**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.)

Leslie John Emken (CRD #1424816)
 Farmington, Illinois
 (April 26, 2013)
 FINRA Case #2011028247001

Frederick Burton Fisher Jr. (CRD #4377623)
 Middleburg, Florida
 (April 10, 2013)
 FINRA Case #2010025252001

Fordin Lee Francois (CRD #5026503)
 Laurelton, New York
 (April 29, 2013)
 FINRA Case #2012033434401

Philip David Horn (CRD #2238037)
 Tarzana, California
 (April 12, 2013)
 FINRA Case #2011029913302

Abigail Marsh Preston (CRD #730629)
 Buffalo, New York
 (April 22, 2013)
 FINRA Case #2011029035901

Michael J. Roland (CRD #5392308)
 Brooklyn, New York
 (April 22, 2013)
 FINRA Case #2012034171101

Donald Allen Siberell (CRD #423151)
 Granger, Indiana
 (April 29, 2013)
 FINRA Case #2012030742401

David Paul Trocasso (CRD #4949123)
 Riverside, California
 (April 22, 2013 – April 24, 2013)
 FINRA Case #2012033946501

Peter Van Hamm (CRD #2530393)
 Dunellen, New Jersey
 (April 15, 2013)
 FINRA Case #2011030191101

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.)

Chad Allen McCartney (CRD #4294388)
Roswell, Georgia
(April 20, 2013)
FINRA Case #2010023719601

Joseph Anthony Padilla (CRD #2203872)
San Marcos, California
(April 12, 2013)
FINRA Case #2006005786501

Andrea Marie Ritchie fka Andrea Marie Bruno (CRD #5060501)
San Marcos, California
(April 12, 2013)
FINRA Case #2006005786501

Barry Charles Wilson (CRD #831135)
Bloomfield, New Jersey
(April 10, 2013)
FINRA Cases #C10950014/C10960169

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.)

David Craig Dameron (CRD #1723224)
Simpsonville, South Carolina
(April 1, 2013)
FINRA Case #2013035813301

Derek Thomas McCoy (CRD #4064387)
Coram, New York
(April 1, 2013)
FINRA Case #2012034375601

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

Mark Carmen Casolo (CRD #1158074)
Voorheesville, New York
(April 5, 2013)
FINRA Arbitration Case #11-04637

Harry J. Davis (CRD #5583513)
Boston, Massachusetts
(April 26, 2013 – May 3, 2013)
FINRA Arbitration Case #12-01738

Nathan Edward Gainer (CRD #5660306)
Bloomfield, New Jersey
(April 18, 2013 – April 30, 2013)
FINRA Arbitration Case #12-02732

Stephen Duncan Grant (CRD #2447319)
San Francisco, California
(April 18, 2013)
FINRA Arbitration Case #12-00066

John Melton Hackbarth (CRD #2920705)
Birmingham, Alabama
(April 3, 2013)
FINRA Arbitration Case #11-03606

Roger Gerard Haigney Jr. (CRD #3079492)
Southwest Ranches, Florida
(April 17, 2013)
FINRA Arbitration Case #12-01847

William John Horbatuk Jr. (CRD #4316672)
Bayside, New York
(June 4, 2009 – April 10, 2013)
FINRA Arbitration Case #08-03727

Brian Young Horne (CRD #1830136)
Centerville, Utah
(April 3, 2013)
FINRA Arbitration Case #12-00052

Deron Adam Kartoon (CRD #2959145)
Ross, California
(April 17, 2013)
FINRA Arbitration Case #12-00501

James Elton Maxwell Jr. (CRD #1220281)
Glen Ellyn, Illinois
(January 14, 2010 – April 5, 2013)
FINRA Arbitration Case #06-05290

Robert Lawrence McMillan Jr. (CRD #1827968)
Kettering, Ohio
(April 3, 2013)
FINRA Arbitration Case #12-01220

Clifford Todd Morgan (CRD #2423102)
Dix Hills, New York
(April 18, 2013)
FINRA Arbitration Case #10-00329

Kim Tracy Nordmo (CRD #2272030)
Healdsburg, California
(July 10, 2012 – April 23, 2013)
FINRA Arbitration Case #10-01727

Sean Phillip Pepe (CRD #2820055)
Norfolk, Virginia
(April 3, 2013)
FINRA Arbitration Case #12-01637

Alberto Jose Perez Pujals (CRD #2184977)
Carolina, Puerto Rico
(April 18, 2013)
FINRA Arbitration Case #12-01687

Helen Marie DeVito Rexroat (CRD #2204648)
Colleyville, Texas
(April 3, 2013 – April 9, 2013)
FINRA Arbitration Case #12-02449

Gary Alan Schwarcz (CRD #725627)
Syosset, New York
(April 3, 2013)
FINRA Arbitration Case #12-02086

Brittney Rae Seeliger (CRD #4273515)
Santa Monica, California
(April 5, 2013)
FINRA Arbitration Case #10-05484

Nicole Malec Sharp (CRD #1078983)
Destin, Florida
(April 5, 2013)
FINRA Arbitration Case #12-02087

Kevin Alston Stryker (CRD #4124781)
Wheeling, West Virginia
(April 5, 2013)
FINRA Arbitration Case #12-00916

Ramses Villela (CRD #4884064)
Mexico D. F., Mexico
(April 5, 2013)
FINRA Arbitration Case #11-03665

FINRA Files Temporary Cease-and-Desist Order Against Success Trade Securities and CEO Fuad Ahmed to Halt Fraud

FINRA Also Issues Complaint Charging Success Trade Securities and Ahmed With Fraudulent Sales of Promissory Notes

Many Current & Former NFL & NBA Players Among 58 Investors

The Financial Industry Regulatory Authority (FINRA) announced that it has filed a [Temporary Cease-and-Desist Order \(TCDO\)](#) to halt further fraudulent activities by Washington, D.C.-based Success Trade Securities, Inc. and its CEO & President, Fuad Ahmed, as well as the misuse of investors' funds and assets. FINRA also issued a [complaint](#) against Success Trade Securities and Ahmed charging fraud in the sales of promissory notes issued by the firm's parent company, Success Trade, Inc., in which Ahmed holds a majority ownership interest. FINRA filed the TCDO, to which Ahmed and the company agreed, thus immediately freezing their activities, based on the belief that ongoing customer harm and depletion of investor assets are likely to continue before a formal disciplinary proceeding against Success Trade Securities and Ahmed will be completed.

Success Trade Securities is an online broker-dealer that operates through Just2Trade and LowTrades. In its complaint, FINRA alleges that Success Trade Securities, Ahmed and other registered representatives at the firm sold more than \$18 million in Success Trade promissory notes to 58 investors, many of whom are current or former NFL and NBA players, while misrepresenting or omitting material facts. Specifically, FINRA's complaint alleges that Ahmed and Success Trade Securities misrepresented that they were raising \$5 million through the sale of promissory notes and continued to make this representation, even as the sales exceeded the original offering by more than 300 percent. Most of the notes promised to pay an annual interest rate of 12.5 percent on a monthly basis over three years, with some notes promising to pay interest as high as 26 percent.

FINRA also alleges that Ahmed and Success Trade Securities failed to disclose the amount of the company's existing debt to investors and that it was unable to make future interest payments without raising money from new investors. In addition, FINRA charges that Ahmed and Success Trade Securities misrepresented how the proceeds would be used, instead improperly using the funds to make unsecured loans to Ahmed and to make interest payments to existing noteholders. FINRA further alleges that Ahmed and Success Trade Securities misrepresented the rate of return and exempt status of the private placement offering through which the notes were sold.

FINRA Files Complaint Charging John Thomas Financial, CEO Tommy Belesis With Fraud

Intimidation of Its Reps. and Multiple Market Violations Cited in Complaint

The Financial Industry Regulatory Authority (FINRA) announced that it has filed a [complaint](#) against John Thomas Financial (JTF), of New York, NY, and its Chief Executive Officer, Anastasios “Tommy” Belesis, charging fraud in connection with the sale of America West Resources, Inc. (AWSR) common stock, intimidation of registered representatives, trading ahead, failing to provide best execution for customer orders and various other violations. The complaint also names Michele Misiti, Branch Office Manager; John Ward, trader; Joseph Castellano, Chief Compliance Officer; and Ronald Vincent Cantalupo, Regional Managing Director.

JTF and many of its customers owned AWSR stock as a result of participation in the company’s private financings. According to the complaint, on Feb. 23, 2012, the price of AWSR common stock, which at the time was thinly traded on the OTC Bulletin BoardTM, spiked higher, by over approximately 600 percent, opening at 28 cents per share, peaking at \$1.80 per share and eventually closing the day at \$1.29 per share. On the same day, JTF sold 855,000 shares, the majority of its proprietary position in AWSR, reaping proceeds of more than \$1 million.

The complaint alleges that while JTF sold its shares at the height of the price spike, the firm received at least 15 customer orders to sell more than one million shares, yet only entered one of these orders for execution on Feb. 23, 2012. Instead, JTF and Belesis prevented the orders from being executed on the same day they were received and some customer orders were executed the following day or days after at prices grossly inferior to those obtained by the firm while other customer orders were not entered or executed at all. AWSR is now in bankruptcy and the customers’ investments are virtually worthless.

In addition, the complaint alleges that JTF and Belesis, through Misiti and Castellano, lied to the firm’s registered representatives and customers about the reasons the customer shares could not be sold on Feb. 23, 2012, including that there was a problem with the clearing firm’s trading systems, there was insufficient volume on that day to fill the orders, and the shares could not be sold because they were restricted under the Securities Act of 1933.

FINRA further alleges that to conceal that the firm received the orders during the February 23 price spike but failed to execute them, JTF and Belesis, through Misiti, “lost” order tickets for customer orders received on Feb. 23, 2012, and replaced six of those tickets with falsified tickets dated Feb. 24, 2012. Belesis and Misiti also made misrepresentations to FINRA concerning Belesis’ role in the misconduct.

Also, the complaint charges JTF, Belesis, Castellano and Cantalupo with violating FINRA’s anti-intimidation rule by physically threatening (including threatening to have them “run over”), harassing and assaulting registered representatives who have disagreed with Belesis’ business practices, and threatening to ruin the registered representatives’ financial careers by improperly marking their industry records.

FINRA Fines Merrill Lynch \$1 Million and Orders Restitution of More Than \$320,000 for Failing to Provide Customers Best Execution in Non-Convertible Preferred Securities Transactions

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Merrill Lynch, Pierce, Fenner & Smith Inc. \$1.05 million for failing to provide best execution in certain customer transactions involving non-convertible preferred securities executed on one of its proprietary order management systems (ML BondMarket), and for failing to have an adequate supervisory system and written supervisory procedures in place. Merrill Lynch was also ordered to pay more than \$323,000 in restitution, plus interest, to customers who did not receive best execution for their trades in non-convertible preferred securities. Additionally, FINRA has required Merrill Lynch to revise its written supervisory procedures regarding ML BondMarket best execution obligations within 30 business days.

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 Merrill Lynch had programmed a faulty pricing logic into ML BondMarket that only incorporated quotations published on the primary listing exchange for that non-convertible preferred security. As a result, in instances when there was a better quote on a market other than the primary listing exchange, that quote was not reflected on ML BondMarket. The firm instead executed 12,259 transactions in non-convertible preferred securities with its customers on ML BondMarket at prices that were inferior to the National Best Bid and Offer (NBBO).

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, “It is paramount that a broker-dealer’s systems are adequately designed to ensure that customers receive fair prices in securities transactions. Merrill Lynch lacked the necessary systems and supervision to ensure that it provided customers with the best execution of their non-convertible preferred securities transactions which resulted in many customers receiving inferior prices for more than four years.”

FINRA also found that Merrill Lynch’s supervisory system relating to ML BondMarket was deficient in a number of respects. Merrill Lynch failed to perform any post-execution review of non-convertible preferred transactions executed on ML BondMarket to ensure compliance with its best execution obligations. The firm also failed to enhance its supervisory review of non-convertible preferred securities transactions executed on ML BondMarket despite the fact that several thousand of such transactions were identified on FINRA’s best execution report cards and it had received several inquiry letters from the staff.

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