

Disciplinary and Other FINRA Actions

Firms Fined

Alluvion Securities, LLC (CRD® #143623, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to provide a copy of the official statement (OS) in a municipal securities offering to customers whose transactions settled on that day. The findings stated that the firm failed to timely submit the OS in one municipal offering to the Electronic Municipal Market Access (EMMA) system. The firm filed to the Municipal Securities Rulemaking Board (MSRB) a Form G-37 for the first quarter of a year, and the form failed to disclose an issuer with which the firm had engaged in municipal securities business. As evidenced by the related MSRB violations, the firm did not establish and maintain an adequate system to supervise its municipal securities activities. The findings also stated that the firm conducted a securities business while it failed to maintain its required minimum net capital. The net capital deficiencies, as well as related books and records violations, stemmed from the firm not accruing the firm's financial accounting data. The firm also held its clearing deposit in a non-Federal Deposit Insurance Corporation (FDIC) money market account, which required a 2 percent adjustment to net capital. The firm failed to make the necessary adjustment to net capital. In connection with the failures, the firm failed to file the requisite notifications of its net capital deficiencies, failed to file early warning notifications, filed inaccurate monthly Financial and Operational Combined Uniform Single (FOCUS) reports, and maintained inaccurate books and records. ([FINRA Case #2012030378401](#))

American Enterprise Investment Services Inc. (CRD #26506, Minneapolis, Minnesota) 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 submitted inaccurate short interest position reports to FINRA. ([FINRA Case #2010022531901](#))

Reported for August 2013

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

Barclays Capital Inc. (CRD #19714, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$550,000 and required to revise its written supervisory procedures (WSPs) ensuring that the firm's submissions to the Order Audit Trail System (OATS™) are timely, accurate and complete in comparison to its trade records. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that under a particular market participant identifier (MPID), it failed to transmit all of its Reportable Order Events (ROEs) to OATS that it was required to transmit for more than a year. The findings stated that the firm transmitted Route Reports to OATS under another MPID with an incorrect destination code. The firm transmitted New Order Reports and related subsequent reports to OATS where the timestamp for the related subsequent report 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; and 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 for about nine months, the firm failed to transmit numerous ROEs to OATS. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules, to ensure that the firm's submissions to OATS were timely, accurate and complete in comparison to its trade records.

FINRA found that the firm improperly reported Execution or Combined Order/Execution Reports to OATS with a reporting exception code of "P." The firm failed to timely report ROEs to OATS. FINRA also found that the firm disclosed inaccurate information on customer confirmations. When the firm acted as principal for its own account, it failed to provide written notification disclosing to its customers that it was a market maker in each such security, failed to provide written notification disclosing to its customers that the transaction was executed at an average price, and failed to provide written notification disclosing to its customers the correct capacity in the transaction. ([FINRA Case #2010021557301](#))

Collins Stewart LLC nka Canaccord Genuity Securities LLC (CRD #24790, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it issued research reports on three companies, but failed to disclose in those reports that it earned investment banking compensation from two of those companies, was a manager of the initial public offering (IPO) within the preceding 12 months for all three companies, and was a market maker for two of the companies. ([FINRA Case #2011025812401](#))

Crown Capital Securities, L.P. (CRD #6312, Orange, California) 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 transmit almost all of its ROEs to OATS on numerous business days. The findings stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning OATS. ([FINRA Case #2012032296601](#))

Edward D. Jones & Co., L.P. dba Edward Jones (CRD #250, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$160,000. No restitution payment was provided for in the AWC in light of the fact that the firm previously provided restitution to its customers, which it commenced paying as early as December 31, 2008. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from customers and/or sold municipal securities for its own account to customers at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant facts, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. ([FINRA Case #2009018103101](#))

First Clearing, LLC (CRD #17344, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$95,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from sales of securities that the seller was deemed to own pursuant to 17 C.F.R. § 242.200 and intended to deliver once all restrictions had been removed, and did not close the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the time firm prescribed. The findings stated that the firm had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from long sale transactions, and did not close out the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the time frame prescribed. 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 close-out requirements for short sales. ([FINRA Case #2009018947901](#))

First Southwest Company (CRD #316, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report a Large Options Position Report (LOPR) position with the

correct effective date, failed to submit reportable positions to the LOPR on numerous days, and failed to accurately report accounts to LOPR under common control or acting in-concert that should have been linked for purposes of in-concert reporting, impacting numerous positions held in those accounts. The findings stated that the firm failed to establish and maintain a supervisory system, including WSPs and a separate system of follow-up and review, reasonably designed to achieve compliance with rules governing the reporting of large options positions, in that the firm failed to conduct reasonable supervisory reviews to ensure the accuracy of its LOPR submissions. The firm also failed to transmit numerous ROEs to OATS that it was required to transmit to OATS. ([FINRA Case #2010022732701](#))

Getco Execution Services LLC (CRD #145021, Chicago, Illinois) 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 for a calendar quarter, it made publicly available a report on its routing of non-directed orders in covered securities during that quarter. The report included incomplete information as to the percentage of total non-directed orders that the firm routed to each of the significant venues identified in the report. ([FINRA Case #2012031647101](#))

G. Research, Inc. fka Gabelli & Company, Inc. (CRD #7353, Rye, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$1,000,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its WSPs were not reasonably designed to achieve compliance with applicable securities laws and regulations, and NASD® and FINRA rules, with respect to private partnerships formed by firm registered representatives, and the firm did not adequately supervise the private partnerships. The findings stated that although the private partnerships frequently offered hedge funds and funds of hedge funds, directly or indirectly, to customers, the firm did not maintain WSPs reasonably designed to provide adequate supervision regarding due diligence related to these hedge funds and funds of hedge funds. The firm's WSPs did not provide specific guidance regarding the relative fees to be charged by the private partnerships. Private partnership investors were contractually obligated to pay additional fees to invest with an affiliated adviser through a private partnership, yet the firm's WSPs did not provide guidance regarding offering similar investments that carry different fees, or how to balance the relative fees, benefits and detriments of closely-related investment vehicles, or the circumstances in which waivers of the affiliated adviser's investment minimum might be sought or granted. As a result, the firm's WSPs did not adequately consider the fees such customers were charged, or the ability of private partnership investors to seek and obtain accommodations from the affiliated adviser to invest below the stated minimum. The findings also stated that the WSPs in place were not reasonably designed to address the obligations set forth in Notice to Members 03-07 that impose obligations when members sell hedge funds and funds of hedge funds. The firm did not adequately evaluate a provision in the fund of funds' subscription agreements that disavowed its

obligation to perform due diligence on the fund manager. While the investment adviser to the fund of funds was well known to the firm, the firm should have, but did not have, the WSPs required by *Notice to Members 03-07*. As a result, the firm's WSPs were defective. The findings also included that the firm failed reasonably to supervise the private partnerships by failing to enforce its own WSPs governing various aspects of the formation, operation, marketing and sale of the private partnerships, including supervisory review of sales materials. The firm's failures to reasonably enforce its WSPs resulted in sales materials for the private partnerships not being approved by the firm prior to being used, and statements of securities held by the private partnerships not being provided to mandated firm departments. As a further result of the firm's failure to reasonably enforce its WSPs, it did not adequately review the subscription documents for the direct investment in the fund manager through the fund of funds.

FINRA found that the firm failed to discover that its customers were being offered an investment in the fund manager even though the subscription documents did not legally obligate the private partnerships to invest solely in the fund of funds, and that the private partnerships provided investors with no legal recourse in the event the investments were not made in the fund manager as the customers instructed. Although the private partnerships did limited advertising, those communications were not approved and initialed by a registered principal prior to their use, nor were copies of them retained in a separate file that included the name(s) of the persons who prepared them. FINRA also found that the firm failed to take appropriate steps to ensure the mandated review of the sales materials occurred prior to their dissemination on behalf of private partnerships. As a result of the firm's failure reasonably to enforce these WSPs, the private partnerships prepared advertising and sales materials that failed to comply with applicable FINRA rules. The private partnerships used items of advertising that did not comply with applicable advertising rules. Each of the noncompliant communications involved the private partnerships' investment in the fund manager. In addition, FINRA determined that the marketing documents lacked sufficient disclosure regarding the risks of investing in the private partnerships, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made the marketing documents impermissibly incomplete and unbalanced with respect to risks versus rewards. ([FINRA Case #2009017326901](#))

HFP Capital Markets LLC (CRD #44351, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$21,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine® (TRACE®) the correct contra-party identifier for transactions in TRACE-eligible securities. The findings stated that the firm failed to report to TRACE transactions in TRACE-eligible securities it was required to report. ([FINRA Case #2010023455401](#))

Hunter Scott Financial, LLC (CRD #45559, Delray Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it charged its customers a fee for handling, in addition to a commission, on securities transactions. The findings stated that the handling fee was fixed at \$50 per transaction and a substantial portion was not attributable to any specific cost or expense incurred by the firm in executing the trade, or determined by any formula applicable to all customers. The handling fee was determined by the firm, not by the individual representative executing the order. Although reflected on customer trade confirmations as a charge for handling, a substantial portion of the fee actually served as a source of additional transaction-based remuneration or revenue to the firm, in the same manner as a commission, and was not directly related to any specific handling services the firm performed, or handling-related expenses the firm incurred, in processing the transaction. The firm's characterization of the charge as being for handling was therefore improper. The finding also stated that by designating the charge as a handling fee on customer trade confirmations, the firm understated the amount of the total the firm commissions charged and misstated the purpose of the handling fee. ([FINRA Case #2012034690901](#))

KCCI, Ltd. (CRD #34528, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$13,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while net capital deficient, and incorrectly calculated its month-end net capital computations and month-end assets and liabilities. The findings stated that the firm filed a FOCUS report that contained an inaccurate net capital computation. The findings also stated that the firm failed to have adequate WSPs for the preparation and review of its month-end net capital and assets and liabilities computations. The firm failed to clearly memorialize the systems, processes, and supervisory controls utilized to ensure its books and records were accurate and complete. ([FINRA Case #2012034326101](#))

Lazard Capital Markets LLC (CRD #134736, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit almost all of its ROEs to OATS that it was required to transmit for a particular MPID during the review period. ([FINRA Case #2012033097301](#))

Madison Avenue Securities, Inc. (CRD #23224, San Diego, California) 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 its registered representative participated in private securities transactions through the offer and sale of private placement offerings. The

findings stated that at the time the representative became registered with the firm, he provided written notification to the firm that he was the owner and manager of an entity, which was engaged in a private offering of securities that he participated in selling, and that he intended to form another entity and commence a related private offering. The representative further informed the firm that he acted as the portfolio manager with respect to funds raised in the offerings and had an opportunity to profit from the portfolio transactions at the conclusion of the investment period. In connection with the private securities transactions, he signed the private placement memorandum and the subscription documents as manager on behalf of each issuer. The offerings raised approximately \$10,704,805 from several retail investors, and \$3,486,087 from an institutional investor. The findings also stated that the firm acknowledged the representative's association with the issuers of the private placement offerings as an outside business activity, but failed to record the transactions on its books and records and failed to supervise his conduct with respect to these private securities transactions. ([FINRA Case #2011028857601](#))

Maxim Group LLC (CRD #120708, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$95,000, required to pay \$10,123.33, plus interest, in restitution to investors and revise its WSPs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to execute orders fully and promptly. In transactions for or with customers, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and 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, within 90 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 of the reports as late. The firm failed to report the correct execution time to the FNTRF in some last sale reports of transactions in designated securities. The findings also included that the firm reported to the FNTRF last sale reports of transactions in designated securities it was not required to report, incorrectly reported principal transactions as agent to the FNTRF, reported some principal transactions as agent to the Over-the-Counter (OTC) Trade Reporting Facility® (OTCRF), and inaccurately reported a few riskless principal transactions as principal to the FNTRF. FINRA found that the firm failed to report to the FNTRF and the OTCRF the correct symbol indicating whether transactions were a buy, sell or cross in short sale transactions. FINRA also found that the firm failed to show the terms and conditions on brokerage order memoranda, failed to show the correct execution time on some broker order memoranda, and failed to document two transactions on its trading ledger.

In addition, FINRA determined that the firm failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities it was required to report. The findings also stated that the firm failed to provide written notification disclosing to its customers that

transactions were executed at an average price, and failed to provide written notification disclosing to its customers the correct capacity and correct compensation type in transactions. Moreover, FINRA found 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 trade reporting, short sale reporting, trading during a trading halt, and books and records. Furthermore, FINRA found that the firm sold corporate bonds to customers and failed to sell 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. For a month, the firm made available a report on the covered orders in national market system (NMS) securities it received for execution from any person which included incorrect information regarding the number of cancelled shares, the average realized spread, the average effective spread, price-improved average time, the number of at-the-quote shares, the at-the-quote average time, the number of outside-the-quote shares, the outside-the-quote average amount and the outside-the-quote average time. The findings also stated that the firm failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The firm's supervisory system did not provide for supervision reasonably design to achieve compliance with Securities and Exchange Commission (SEC) Rule 611(c) of Regulation NMS; did not include WSPs providing for the specific steps required to comply with the self-help exemption of SEC Rule 611; and did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules addressing minimum requirements for adequate WSPs in short sale reporting, order handling and OATS reporting. ([FINRA Case #2009017655401](#))

McAdams Wright Ragen, Inc. (CRD #45899, Seattle, Washington) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$30,000 and required to revise its WSPs regarding the detection of excessive markups/markdowns, best execution violations and improper commissions charged. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to show the correct execution time on brokerage order memoranda, failed to show the correct order receipt time on the memoranda and incorrectly marked some orders as solicited when they were in fact unsolicited. 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 the detection of excessive markups/markdowns, best execution violations and improper commissions charged. ([FINRA Case #2009018093401](#))

Morgan Stanley & Co. LLC (CRD #8209, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$95,000. Without admitting or denying the findings, the firm consented to the described sanctions

and to the entry of findings that customers exceeded the option position limit on either the bullish or bearish side of the market in foreign underlying securities on numerous days. The findings stated that the firm failed to report or accurately report options positions in conventional options relating to securities to the LOPR. The findings also stated that for almost a year, the firm failed to attach accurate in-concert designations to separate accounts held by individuals or entities acting in-concert that required aggregation. ([FINRA Case #2010021642101](#))

Murphy & Durieu (CRD #6292, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$35,000 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 had an inaccurate account type code, failed to submit customer order receipts and/or execution information for OATS reportable orders, and failed to submit an Execution or Combined Order/Execution Report for principal transactions in several instances. The findings stated that the firm failed to report to FNTRF the correct symbol indicating the capacity in which it executed transactions in reportable securities and incorrectly appended the “B” NMS trade-through exception code to these transactions. The findings also stated that the firm incorrectly reported the second leg of riskless principal transactions as principal to the FNTRF or to the OTCRF. The firm executed short sale transactions and failed to report each of these transactions to the OTCRF with a short sale modifier. On customer confirmations, the firm had one or more of incorrect capacity, incorrect compensation label, improper use of average price language, and inaccurate or incomplete transaction price or amount. The findings also stated that the firm failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with SEC Rule 611(a)(1) of Regulation NMS, applicable securities laws, regulations and/or FINRA rules. The firm’s WSPs failed to provide for minimal requirements for adequate WSPS in order handling (disclosure of order routing, disclosure of execution data), limit and market order protection rules, anti-intimidation/coordination (procedures to prevent occurrence, procedures to detect occurrences), trade reporting (report trades accurately and timely, trade modifiers, riskless principal trades, accepting/matching trades and third party reporting), sale transactions (long/short order marking, affirmative determination, SEC Rule 204 and naked short selling anti-fraud rule), OATS (accurate and timely data), multiple MPIDs (ensure member has incorporated activity under MPIDs into supervisory system and procedures) and other trading rules (books and records requirements). ([FINRA Case #2011026156202](#))

National Financial Services LLC (CRD #13041, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$250,000. 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 procedures reasonably designed to supervise the daily marking of positions by its Corporate Desk traders and to monitor fixed income traders' marks for potential mismarking. The findings stated that the firm established policies and procedures in its Fidelity Capital Markets division (FCM) to ensure that fixed income traders updated their marks daily so that marks were not stale and to help ensure the marks were not over- or under-valued in comparison to the market. The firm failed to establish, enforce and update its WSPs in connection with marking fixed income securities daily and accurately marking-to-market fixed income securities held in inventory. The findings also stated that whenever the firm's Risk Management group detected a significant discrepancy in reviewing the price comparison report (PCR), the WSPs required Risk Management to notify the trader holding the position as well as the trading manager. Those WSPs did not require specific supervisory review of such discrepancies, sign-off on the resolution of identified discrepancies by supervisors, or retention of documents evidencing supervisory reviews. Risk Management and the firm's Finance group discussed transferring responsibility for review of the PCR. However, for months, neither Finance nor Risk Management reviewed the PCR to detect discrepancies between fixed income traders' marks and independent third-party vendor (IDC) prices. The findings also included that the firm detected the failure when an Operations employee noticed that a Corporate Desk trader had undervalued short positions for fixed income securities, significantly mismarking those securities on 10 trading days following an announcement of a tender offer for the securities. When the positions were unwound, the firm lost approximately \$700,000. FINRA found that following that discovery, FCM revised its WSPs to reflect the transfer of responsibility for PCR daily reviews to Finance, revise distribution of the PCR to include more supervisors, and provide for specific supervisory reviews, sign-offs and document retention not required earlier. ([FINRA Case #2011026650301](#))

Nomura Securities International, Inc. (CRD #4297, 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 transmitted Execution or Combined Order/Execution Reports to OATS that contained inaccurate, incomplete or improperly formatted data; failed to submit contra side proprietary Combined Order/Execution Reports for transactions effected against a customer order; and submitted Execution or Combined Order/Execution Reports to OATS that it was not required to submit. The findings stated that the firm transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair most of the rejected ROEs so it failed to transmit them to OATS. The findings also stated that the firm failed to repair a few of the rejected ROEs within the required five business days, failed to populate the correct Rejected ROE ID for two rejected submissions and then failed to repair these rejections within the required five business days. The findings also included that the firm failed, within 30 seconds after execution, to transmit last sale reports of transactions in OTC equity securities to the OTCRF. ([FINRA Case #2010025138801](#))

Pershing LLC (CRD #7560, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of filings that it directly or indirectly effected transactions during trade halts. ([FINRA Case #2009017826001](#))

Realty Capital Securities, LLC (CRD #145454, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that an issuer notified the escrow agent in writing that the contingencies set forth in a prospectus had been met; however, 5.4 million shares of the public offering's common shares had not been sold as of the close date. The findings stated that as such, the issuer's representation to the escrow agent was incorrect. Based on the inaccurate notification, escrowed funds were improperly released to the issuer rather than being returned to the investors as provided in the prospectus and in accordance with the offering terms. An affiliate of the issuer purchased a total of 1,600,919 shares under the Directed Share program the firm managed. These sales occurred after the close date and equated to approximately 28 percent of the approximate 5.6 million shares sold in the offering. Without the purchases by the affiliate, the offering's minimum contingency would not have been met. On the close date, the affiliate submitted, via email, a subscription agreement to the firm for the purchase of public offering shares. That subscription agreement was not complete, as it failed to identify the number of shares purchased, the purchase price per share and the aggregate purchase price, and was not dated. At no time on the close date did the affiliate submit a check or other form of payment to purchase any shares. One day after the close date, the affiliate wired \$12,000,000 into the escrow account to cover its purchase of 1,043,478 shares under the Directed Share program. At that time, the firm believed that this purchase would satisfy the offering's minimum share requirement. It was subsequently determined, however, that the minimum share requirement had not been met with the \$12,000,000 purchase. Consequently, the firm allowed the affiliate to purchase additional shares under the Directed Share program after the close date. The requisite minimum number of shares had not been fully paid for by the public offering close date; and, notwithstanding this fact, the issuer retained the investor funds. The firm then proceeded to complete the sale of shares to the affiliate of the issuer after the close date, which sales were then counted towards meeting the minimum contingency. The firm willfully violated SEC Rule 10b-9 and FINRA Rule 2010. The findings also stated that the firm improperly allowed an affiliate of the issuer to purchase 1,600,919 shares under the Directed Share program, since participation in the Directed Share program was, per the terms of the prospectus, specifically limited to directors, officers, employees and other individuals associated with the issuer and members of their families. Although wholly owned and controlled by eligible individuals, the affiliate was not an individual, and therefore, was not eligible to purchase at the discounted rate of \$11.50. The findings also included that the firm accepted an incomplete, undated subscription agreement submitted

by an affiliate of the issuer on the close date. That subscription agreement failed to identify, among other items, the number of shares purchased, the purchase price per share and the aggregate purchase price. The firm did not receive a new or separate subscription agreement for the shares purchased by the affiliate after the close date. ([FINRA Case #2011030777001](#))

Robert W. Baird & Co. Incorporated (CRD #8158, Milwaukee, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. The firm has already made restitution to the customers affected in the transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from customers and/or sold municipal securities for its own account to customers 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 transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transactions. ([FINRA Case #2010022621201](#))

Scottrade, Inc. (CRD #8206, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had a fail-to-deliver position at a registered clearing agency in a threshold security for 13 consecutive settlement days, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. The firm had fail-to-deliver positions at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver positions by purchasing securities of like kind and quantity within the time frame prescribed by SEC Rule 204T(a)(1). The findings stated that the firm executed short sale orders and failed to properly mark the orders as short. The firm knew or had reasonable grounds to believe that the sale of an equity security was or would be effected pursuant to an order marked long, and failed to deliver the security on the date delivery was due. The findings also stated that the firm failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings also included that the firm failed to report the correct market identifier for some P1 transactions in TRACE-eligible securities to TRACE. ([FINRA Case #2009018255901](#))

Tullet Prebon Financial Services LLC (CRD #28196, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it improperly reported Execution or Combined Order/Execution Reports to OATS with a reporting exception code of "M". The findings

stated that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in designated securities to the FNTRF, and failed to designate some last reports as late. The firm incorrectly designated as “.T” to the FNTRF some last sale reports of transactions in designated securities executed during normal market hours. The findings also 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 failed to show the correct execution time on the memoranda of these brokerage orders. The findings also included that the firm failed to report the correct contra-party’s identifier for transactions in TRACE-eligible securities to TRACE, failed to report the correct volume for some transactions in TRACE-eligible securities to TRACE, and failed to report the correct price for a few transactions in TRACE-eligible securities to TRACE. The firm failed to report transactions in TRACE-eligible securities it was required to report to TRACE.

FINRA found that the firm failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to report the correct trade execution time for these S1 transactions to TRACE, and failed to show the correct execution time on some memoranda of brokerage orders. 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 accuracy of its TRACE reporting. FINRA also found that the firm failed to report the correct trade time to the Real-time Transaction Reporting System (RTRS) in municipal securities transaction reports. The firm failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User’s Manual; the firm failed to report information about such transactions within 15 minutes after the time of trade to an RTRS Portal or failed to report the trade capacity to the RTRS in municipal securities transaction reports. ([FINRA Case #2009017422901](#))

Wedbush Securities Inc. (CRD #877, Los Angeles, California) submitted an Offer of Settlement in which the firm was censured, fined \$750,000 and required to retain an independent consultant to conduct a comprehensive review of, and recommend modifications and additions to, the firm’s policies, systems, controls, procedures (written and otherwise) and training related to OATS reporting and the firm’s supervision of OATS reporting. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, for approximately 18 months, it failed to transmit approximately 1.6 billion ROEs to OATS, the overwhelming majority of its OATS reporting obligation for this time period. Additionally, during four review periods, the firm submitted approximately 270 million ROEs late, with the firm consistently having late reporting violation rates many times higher than its peer group and industry averages. The firm also failed to repair and resubmit more than 12.7 million ROEs that were rejected because of context and system errors. The firm had more than 45 million order reports that OATS was unable to link to the related order routed to Nasdaq or to the corresponding New Order Report because of inaccurate, incomplete or improperly formatted data.

In addition, for more than two years, the firm had numerous OATS reporting violations for non-reporting, over-reporting, late reporting, failure to repair repairable rejected ROEs within the required five business days, and failure to populate the proper ROE reconciliation identifier on resubmitted ROEs. For example, from May 1, 2012, through August 31, 2012, the firm submitted more than 607 million ROEs late. Additionally, from October 1, 2012, through December 31, 2012, the firm failed to repair and resubmit 58,796,310 ROEs.

The firm did not consistently conduct the daily and monthly supervisory reviews required by its written supervisory procedures, nor did it maintain the required daily and monthly supervisory logs. Likewise, the firm's supervisory system, which consisted almost entirely of addressing violations on an ad hoc basis, was not reasonably designed to achieve compliance with the OATS reporting rules. Moreover, the Vice President in charge of Correspondent Services was not properly registered during a 34-month period. ([FINRA Case #2007007769001](#))

Wedbush Securities Inc. (CRD #877, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$72,500 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 failed to provide written notification disclosing to its customers its correct capacity in transactions and the reported price. The firm made available reports on the covered orders in NMS securities it received for execution from any person that included incorrect information as to order type and size categories. 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/or FINRA rules addressing adequate WSPs in order handling, trade reporting, sales transactions and other rules (books and records). The findings also stated that the firm failed to provide evidence of supervisory review for trade reporting and other rules (books and records). The findings also included that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions and the correct price and the average price details. FINRA found that the firm failed to properly mark sell orders as short and, as a result, failed to report transactions in reportable securities to the Trade Reporting Facility (TRF[®]) with a short sale indicator. The firm failed to show the correct order entry time and the correct long/short sale indicators in its proprietary trading ledger. ([FINRA Case #2009017002603](#))

Wells Fargo Securities, LLC (CRD #126292, Charlotte, North Carolina) 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 report transactions in reportable securities to the FNTRF as short. ([FINRA Case #2010021604501](#))

Individuals Barred or Suspended

Manny Aizen aka Manuel Aizen (CRD #1676247, Registered Principal, Dallas, Texas), Edward Michael Milkie (CRD #871257, Registered Principal, Dallas, Texas) and Daniel Edward Levin (CRD #707280, Registered Representative, Dallas, Texas) submitted Offers of Settlement in which they were each fined \$30,000. Aizen and Milkie were each suspended from association with any FINRA member in any principal capacity for six months. Levin was suspended from association with any FINRA member in any capacity for five months. The fines must be paid either immediately upon their reassociation with a FINRA member firm following their suspensions, 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, Aizen, Milkie and Levin consented to the described sanctions and to the entry of findings that Levin made unwarranted and misleading statements and claims concerning investment products on radio shows, and made unbalanced statements on their member firm's website regarding life settlements. The findings stated that Levin discussed private placement securities offerings and promoted them as attractive alternative investments to his listeners during his radio shows. These offerings were unregistered securities offered pursuant to the exemptions offered by Rule 506 of Regulation D, and could not be sold through general solicitations and still maintain their exempt status. Levin's statements about the offerings constituted solicitations, and others he made during his radio show were designed to procure orders for the offerings. Although the statements did not name the investments specifically, they were part of an overall scheme designed to awaken an interest in the offerings and were the first step in a campaign to sell these securities. Levin's statements were not made to customers with whom his firm (or the issuer) had a pre-existing and substantive relationship, but rather broadcast indiscriminately to the general public. After making the statements on the radio show, Levin sold the offerings to customers. Because the securities had lost their exemption from registration under Regulation D as a result of the general solicitation, the sales were impermissible sales of unregistered securities, in contravention of the Securities Act of 1933.

The findings also stated that Aizen was the firm's principal responsible for the supervision of Levin and another individual associated with the firm, for approval of their use of radio shows to promote firm products, as well as for their use of a firm website. The findings also included that Aizen approved the publication and contents of the website on life settlements in a certain year. Aizen was the principal primarily responsible for reviewing the contents of the radio shows, but did not regularly review the shows, even after FINRA raised concerns regarding the contents. Aizen's review and supervision of the radio shows and the website was inadequate to prevent both the violative advertising made on the shows, as well as the general solicitation to the public that resulted in the firm's sale of unregistered securities.

FINRA found that Milkie failed to adequately supervise the sale of private placements because he failed to conduct adequate due diligence and respond to “red flags” on an issuer’s private placements that their firm offered to customers. FINRA also found that Milkie, as the firm’s president, was responsible for conducting due diligence on the firm’s behalf, and had supervisory authority over due diligence on the issuer’s offerings, and was responsible for the overall supervision of the firm. The firm, acting through Milkie, failed to conduct an adequate investigation as a basis for its recommendation that customers purchase the offerings, did not adequately verify the issuer’s representations in the offering documents, and did not review other relevant documents of the issuer. Milkie failed to review third-party due diligence reports that were available for the issuer’s offerings. The reports raised numerous concerns and red flags for the offerings. In addition, FINRA determined that the firm engaged in both private placement offerings (Regulation D offerings) and contingent offerings when its WSPs in place did not address the suitability of recommendations for investments in private placements and the sale of contingency offerings. Milkie, as the firm’s president, was responsible for the firm’s overall supervision.

Aizen’s suspension is in effect from June 17, 2013, through December 16, 2013. Milkie’s suspension is in effect from June 17, 2013, through December 16, 2013. Levin’s suspension is in effect from June 17, 2013, through November 16, 2013. ([FINRA Case #2009016271801](#))

Jason Eric Anderson (CRD #5306459, Registered Principal, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Anderson consented to the described sanctions and to the entry of findings that he served as the assistant division manager and Office of Supervisory Jurisdiction (OSJ) designate for a regional division of his member firm, and was responsible for reviewing and approving business and transactions for his division. The findings stated that Anderson failed to reasonably supervise transactions of a registered representative of his firm, by approving the representative’s transactions and failing to reasonably respond to the incomplete and inaccurate information on customers’ application and disclosure forms. Anderson signed the documents as principal. The findings also stated that Anderson caused his firm’s books and records to be incomplete and inaccurate by approving the application and disclosure forms despite the fact that these forms were incomplete and inaccurate.

The suspension was in effect from July 1, 2013, through July 15, 2013. ([FINRA Case #2011028898801](#))

Nazeeh I. Aranki (CRD #5433745, Registered Representative, Pasadena, California) 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 15 business days. Without admitting or denying the findings, Aranki consented to the described sanctions and to the entry of findings that he shared in losses in his customers’ accounts without

his member firm's prior written authorization. The findings stated that Aranki deposited personal and cashier's checks totaling \$68,000 into some customers' accounts to reimburse the customers for half of the premiums paid on options hedge positions that expired worthless.

The suspension was in effect from July 15, 2013, through August 2, 2013. ([FINRA Case #2012032664001](#))

William Cecil Babb III (CRD #1276193, Registered Representative, Cary, 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, Babb consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests that he provide information and appear for testimony regarding allegations that he had solicited individuals to invest in a private entity without disclosing to, or obtaining approval from, his member firm. ([FINRA Case #2012033517201](#))

Richard Allen Barnett (CRD #2347495, Registered Representative, Grand Blanc, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for one year and three months. The fine must be paid either immediately upon Barnett'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, Barnett consented to the described sanctions and to the entry of findings that he participated in private securities transactions through the sale of approximately \$712,000 in membership interests in limited liability companies, to members of the public, some of whom were his firm's securities customers. The findings stated that Barnett failed to give the firm written notice of his intention to engage in the sales of membership interests in the entities, and failed to receive the firm's written approval, prior to engaging in these private securities transactions, for compensation. The findings also stated that Barnett completed and signed a firm audit questionnaire, and failed to disclose his sales of membership interests in the entities and failed to disclose on the audit questionnaire that he was acting as an operating manager of some of these entities. The findings also included that Barnett was required to be registered as a general securities representative (Series 7) in order to participate in the sales of the membership interests in the entities; however, he was only registered as an investment company/variable contracts products representative (Series 6) at the time. FINRA found that it received a written complaint from an individual who, based upon Barnett's recommendation, had invested \$30,000 in one of his entities. Through her complaint, the individual was requesting a refund of her investment. Barnett and the individual entered into a purchase agreement, wherein Barnett purchased her membership interests in the entity for \$30,000. Barnett then had her execute a release agreement that contained an improper confidentiality provision that obligated her not to file any complaints relating to her purchase of the membership interest with FINRA, the SEC and other institutions.

She declined to cooperate with FINRA's investigation after the execution of the release agreement.

The suspension is in effect from June 17, 2013, through September 16, 2014. ([FINRA Case #2009019241101](#))

Joseph Fon Beagnyam (CRD #1262605, Registered Representative, Dickinson, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Beagnyam consented to the described sanctions and to the entry of findings that he executed discretionary transactions in the brokerage accounts of member firm customers without their prior written authorization and without the firm's acceptance of the accounts as discretionary. The findings stated that the firm did not receive complaints from these customers. The customers provided oral consent to Beagnyam to place orders to buy and sell securities in their accounts, but had not given him written authorization to exercise discretion. The findings also stated that Beagnyam did not hold his firm's Strategic Portfolio Services (SPS) Advisor designation and was therefore not permitted by the firm to exercise discretion in customer accounts. The findings also included that Beagnyam completed firm compliance attestations in which he acknowledged, among other things, his awareness of the firm's policies and procedures, which included policies addressing discretionary trading.

The suspension was in effect from July 1, 2013, through July 15, 2013. ([FINRA Case #2011027995301](#))

Milton Joseph Beile III (CRD #4265262, Registered Representative, Chesterfield, Missouri) 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 business days. FINRA considered Beile's efforts to obtain reimbursement on the customer's behalf in determining the sanctions. Without admitting or denying the findings, Beile consented to the described sanctions and to the entry of findings that he participated in a private securities transaction through the sale of a \$100,000 promissory note to a customer of his member firm. The findings stated that the investment opportunity was not offered through Beile's firm. Beile met with the customer and obtained a \$100,000 check written against her firm account for the purchase of the promissory note issued by a real estate development entity. Beile forwarded the customer's check directly to the entity and also negotiated additional terms to the promissory note that the customer had purchased. The findings also stated that Beile failed to give written notice of his intention to participate in the private securities transaction to his firm, and failed to receive the firm's written approval, prior to engaging in the transaction. Thereafter, the customer decided that she wanted to obtain a reimbursement of her \$100,000 investment. Beile's efforts to obtain reimbursement on the customer's behalf resulted in the customer being paid \$120,000 by the entity.

The suspension is in effect from July 15, 2013, through August 23, 2013. ([FINRA Case #2011028156401](#))

Martin Firestone Bowers (CRD #1018570, Registered Supervisor, Berwyn, 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 five business days. Without admitting or denying the findings, Bowers consented to the described sanctions and to the entry of findings that he exercised discretion in customers' accounts without obtaining each customer's written authorization and his member firm's acceptance of the accounts as discretionary.

The suspension was in effect from July 1, 2013, through July 8, 2013. ([FINRA Case #2011030316201](#))

Christian Joel Brand (CRD #2434521, Registered Representative, Highwood, Illinois) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for four months. In light of Brand's financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Brand consented to the described sanction and to the entry of findings that he approached an elderly customer who was suffering from dementia about investing in a development project. The customer, who was Brand's grandmother, issued checks totaling \$510,000 for the project, payable to entities for which Brand was the majority owner and principal. Brand assisted the customer to prepare some of the checks. Other relatives and a friend also invested in the project. The findings stated that Brand prepared offering documents that evidenced the elderly customer's investments in the project. The findings also stated that the initial loan for the project was not funded and failed. The customer did not receive any of her investment funds back, nor has she earned any interest from her investment. The findings also included that Brand failed to notify his member firm about the proposed transactions and his role in the transactions. Brand's participation was not within the course or scope of his employment with his firm.

The suspension is in effect from July 1, 2013, through October 31, 2013. ([FINRA Case #2009020906701](#))

Anthony David Brentin (CRD #5550765, Registered Principal, Longview, Washington) 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, Brentin consented to the described sanction and to the entry of findings that Brentin falsely led an individual to believe that she was giving him \$5,000 as a contribution to support his city council campaign and to cover expenses such as the cost of campaign signs. At the time, there was a pending court judgment finding Brentin and his wife liable for approximately \$4,800 in unpaid rent and utilities for their former residence that they owed to their landlord. Brentin used the \$5,000 that the individual had given him to satisfy the judgment and paid his back rent and utility bills. In obtaining \$5,000 from

the individual, Brentin took advantage of the individual, who was susceptible to being manipulated based on her age and medical condition. The findings stated that Brentin was charged with felony theft in his state based on his obtaining \$5,000 from the individual by deceiving and taking advantage of the individual, who was deemed a vulnerable person under state law. Brentin was convicted of that charge after a jury trial and sentenced to six months incarceration. ([FINRA Case #2012031369201](#))

Elmer Wayne Bullis (CRD #1718482, Registered Representative, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Bullis' 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, Bullis consented to the described sanctions and to the entry of findings that he recommended that his customers, a husband and wife, combine their existing annuities into new deferred variable annuities. The findings stated that the customers met with Bullis to complete the applications for these transactions and sign several documents; some of the documents completed and signed that day were incomplete or inaccurate. The findings also stated that Bullis provided the customers with documents that purported to contain an overview of the transactions and that contained analyses and explanations for the different transfers and benefits, and costs of the new annuities. These documents also contained incomplete and inaccurate information, were confusing and misleading, and did not disclose the name of the member firm. The findings also included that one of the customers emailed Bullis and made several complaints, including that transaction information was creative accounting, that Bullis had churned the customers' accounts, that certain annuities had never been discussed as part of the consolidation, and that the transactions had resulted in losses to the customers of \$156,000. The customer closed the email asking Bullis how they would be compensated for these losses and instructing him not to initiate or perform any new action with their funds unless they specifically instructed him to do so. FINRA found that Bullis failed to report this complaint to his firm and willfully failed to update his Uniform Application for Securities Industry Registration or Transfer (Form U4) within 30 days of its receipt.

The suspension is in effect from July 1, 2013, through September 30, 2013. ([FINRA Case #2011028898803](#))

Jennifer Marie Burton (CRD #5019693, Registered Representative, Los Angeles, California) 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 one month. Without admitting or denying the findings, Burton consented to the described sanctions and to the entry of findings that she falsely attested on her member firm's document verification forms and wire service request forms that she spoke with a customer, as well as provided a fictitious purpose for the wire request. The findings stated that Burton was

a registered sales assistant at her firm and was granted delegate access to a broker's firm email account in order to respond to any customer inquiries while the broker was on vacation. A customer's personal email address was hacked into by an imposter pretending to be the customer, who sent the broker an email requesting the balances in the customer's accounts, as well as information concerning wiring funds from the account both domestically and internationally. The findings also stated that Burton provided the imposter the account balances for the customer's accounts and attached a blank letter of authorization (LOA) form to complete and return to her for wire transfer requests. The imposter sent Burton another email from the customer's email address requesting cash transfers totaling \$85,000 from one of the customer's accounts to his clients in Australia and faxed two LOAs to Burton. The imposter requested the wire transfer to occur the next day. The LOAs were for the transfer of a total of \$85,000 from one of the customer's accounts to third parties' bank accounts in Australia. The imposter also provided the third-parties' account numbers and routing numbers at the Australian banks. The findings also included that the LOAs were purportedly signed by the customer, but were missing the account numbers, as well as the purpose for the wire transfers. Burton entered the missing account numbers and the purpose for the wires in the document verification forms for the LOAs. Notwithstanding the requirements of the firm's written procedures, Burton falsely represented on the document verification forms that she spoke to the client to confirm the instructions and he advised that the funds should come out of the account and that the funds were being sent to his business partner in Australia.

FINRA found that Burton forwarded the document verification forms for the LOAs to the firm's operations department for review. Burton also entered into the comments field on Service Request for the LOAs that she confirmed the instructions with the customer that morning, who indicated that he was wiring funds to his partner in Australia to invest in property. Burton never spoke with the customer and the imposter never provided Burton with a purpose, i.e. investing in property, for the wire transfer requests or a business partner. FINRA also found that the imposter requested an additional \$23,000 and \$52,000 be wired from the customer's account to a bank in Florida and another bank in Australia. Burton became suspicious of the wire request activity and called the customer to verify the requests. The customer informed Burton that he never made any wire transfer requests. Burton's firm was able to reverse the wire transfer instructions and return the \$85,000 to the customer's account without any loss to the customer.

The suspension was in effect from July 1, 2013, through July 31, 2013. ([FINRA Case #2012032843301](#))

Joseph Anthony Carpenter Jr. (CRD #4998111, Registered Representative, Palm Harbor, 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, Carpenter consented to the described sanction and to the entry of findings that a customer gave Carpenter \$5,000 to open and fund a Roth Individual Retirement Account

(IRA) at his member firm. The findings stated that Carpenter opened the account but failed to fund it. Carpenter improperly kept the funds, converting some for his own purposes, until after the customer complained. The findings also stated that Carpenter reimbursed his member firm, which earlier reimbursed the customer. ([FINRA Case #2011029984102](#))

Richard Walter Chocko (CRD #2807414, Registered Representative, West Islip, 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. The fine must be paid either immediately upon Chocko'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, Chocko consented to the described sanctions and to the entry of findings that he used discretion in a customer's account, without obtaining the customer's written authorization; and his firm did not approve the account as a discretionary account since it does not allow discretionary accounts. The findings stated that Chocko recommended that the customer purchase the common stock of a corporation. The customer authorized the stock's purchase, but indicated that Chocko should make the decision when to place the order. Chocko purchased shares of the stock in the customer's account for a total amount of \$95,894.99, and then sold the shares for \$84,235.09, generating a loss of \$11,659.90. The commission charged to the customer for the purchase and sale of the shares position was \$2,100 in aggregate. The findings also stated that Chocko used discretion in the customer's account, in that he did not purchase the shares position on the same day that he received the customer's authorization.

The suspension was in effect from July 1, 2013, through July 22, 2013. ([FINRA Case #2011028193201](#))

Giancarlo Ciocca (CRD #4252148, Registered Representative, Coral Gables, 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, Ciocca consented to the described sanction and to the entry of findings that he impersonated one of his customers at his member firm during a telephone call with a firm call center employee. The findings stated that Ciocca did so in order to obtain online access to the customer's account. The customer was not on the call; instead Ciocca, impersonating the customer, was on the call with his sales assistant. After Ciocca obtained online access to the account, he used that access to change account preferences so his firm would no longer send hard-copy statements to the customer and to change the email address associated with the account to one Ciocca controlled. The findings also stated that the customer had sustained market losses in his account and Ciocca undertook these activities to prevent the customer from learning of those losses. Ciocca created and sent the customer inaccurate account performance reports, which listed transactions that had not occurred and did not reflect the actual losses that had been incurred in the account. Ciocca misrepresented to his firm that he was in compliance with firm policies prohibiting the creation of performance

reports. The customer complained to Ciocca, who then attempted to settle the customer's complaint. This firm did not authorize the settlement offer, which was made without the firm's knowledge. The findings also included that Ciocca failed to respond to a request for information and documents. FINRA also issued a request to Ciocca for an on-the-record interview. After being warned that a failure to appear would be a violation of FINRA Rule 8210, Ciocca's counsel informed FINRA that Ciocca would not appear for the interview as requested or at any other time. ([FINRA Case #2011027886902](#))

Sean Collins (CRD #5470363, Registered Representative, Wayne, Pennsylvania) 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. In light of Collins' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Collins consented to the described sanction and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a felony charge, plea and conviction. The findings stated that Collins filed Form U4 amendments in which he improperly answered "no" to the question that asked him whether he had ever been charged with a felony. That answer was not accurate at the time of those filings. The findings also stated that Collins knew or should have known of his obligation to keep his Form U4 accurate in that, among other things, he completed annual compliance certifications for his member firm in which he acknowledged to the firm his obligation to keep his Form U4 current and accurate with respect to criminal activity.

The suspension is in effect from July 1, 2013, through December 31, 2013. ([FINRA Case #2011029338301](#))

Charles Eugene Crotts (CRD #5354524, Registered Representative, Lexington, 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, Crotts 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. The findings stated that the request was regarding allegations that Crotts improperly borrowed money from a customer of his member firm, made unsuitable investment recommendations to a customer, and engaged in undisclosed outside business activities. The findings also stated that Crotts borrowed \$30,000 from a firm customer without providing notice to, or receiving permission from, his firm to borrow from the customer. ([FINRA Case #2012032962301](#))

LinnaJo Dombroski (CRD #5395894, Registered Representative, Chula Vista, California) submitted an Offer of Settlement in which she was suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the allegations, Dombroski consented to the described sanction and to the entry of findings that she failed to timely respond to FINRA requests for information and documents relating to her alleged outside business activities away from her prior member firm, and failed to timely respond to a FINRA-issued complaint.

The suspension is in effect from June 17, 2013, through January 16, 2014. ([FINRA Case #2009019874403](#))

Sean Thomas Doyle (CRD #2263293, Registered Representative, Huntington, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for two months. In light of Doyle's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Doyle consented to the described sanction and to the entry of findings that he failed to amend his Form U4 within 30 days of learning of Internal Revenue Service (IRS) and state tax liens filed against him.

The suspension is in effect from June 17, 2013, through August 16, 2013. ([FINRA Case #2011030096501](#))

Neil McCarthy Egleston (CRD #2921577, Registered Representative, Port Washington, New York) 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, Egleston consented to the described sanctions and to the entry of findings that he failed to provide prompt written notice to his member firm of his participation in outside business activities. The findings stated that Egleston purchased securities issued by the outside business activities, invested in the companies and reported income and losses on his tax returns. The findings also stated that Egleston made false statements in annual firm compliance questionnaires, representing that he would receive the firm's approval prior to engaging in any outside business activity or prior to making any material changes in the practice of his outside business activity, and that he was not engaged in any outside business activities that had not been reported to, and authorized in writing by, the firm's compliance department.

The suspension was in effect from July 1, 2013, through August 12, 2013. ([FINRA Case #2009019335901](#))

Gary Lynn Flater (CRD #1049132, Registered Principal, Littleton, Colorado) 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. In light of Flater's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Flater consented to the described sanction and to the entry of findings that he failed to amend his Form U4, in a timely manner, to disclose federal tax liens filed against him. The findings stated that in or around the dates that the liens were recorded, Flater received notice of the liens but failed to amend his Form U4 within 30 days of learning of these facts that were required to be disclosed. Flater's member firm first learned of these liens in connection with a FINRA examination and thereafter amended his Form U4 to disclose the federal tax liens. The findings also stated that subsequently, the IRS filed another tax lien against Flater. Separate civil judgments were also entered against Flater in connection with investment-

related, consumer-initiated civil litigation actions. Flater received notice of the lien and the civil judgments in or around the dates each was recorded, and willfully failed to amend his Form U4 to report these facts.

The suspension is in effect from June 17, 2013, through December 16, 2013. ([FINRA Case #2010024892001](#))

Peter Timothy Frawley (CRD #4827671, Registered Representative, Royal Oak, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Frawley consented to the described sanctions and to the entry of findings that he executed several transactions in customers' accounts without prior written authorization of these customers and without his member firm's written acceptance of the accounts as discretionary, contrary to the firm's policies and procedures.

The suspension was in effect from July 1, 2013, through July 15, 2013. ([FINRA Case #2011026737501](#))

Darrell Glynn Frazier (CRD #1663429, Registered Representative, Dublin, 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, Frazier consented to the described sanction and to the entry of findings that he made false representations in connection with the sale of variable annuities. The findings stated that as a result of this conduct, Frazier willfully violated Section 10(b) of the Securities Exchange Act of 1934, FINRA Rules 2010 and 2020, and NASD Rules 2110 and 2120. Frazier told customers that they would earn a return of 7 percent or more by purchasing variable annuity products and that the principal amount they invested through the variable annuity would be guaranteed against loss. Frazier assured one customer that he would not be charged annual fees on his variable annuities, and advised another customer that he, Frazier, would only make money from the annuity purchase if the customer made money. All of these representations and assurances were false. The findings also stated that some of the customers separately contacted Frazier to question why a particular annuity was not performing as expected. The customers questioned why they were not seeing the guaranteed 7 percent return reflected in account documents, and why the values of their annuities appeared to be decreasing. Frazier assured them that they were receiving the 7 percent return and that their principal was safe. The findings also included that Frazier separately told customers that the 7 percent return had not yet been added to their annuity but soon would be, that an annuity was making money but that the 7 percent return would only be reflected on annual, not quarterly, statements, that for various reasons, he had not been able to obtain documents reflecting the 7 percent return; and in response to why the value of his annuity seemed to be declining, Frazier promised to look into the matter, but never did.

FINRA found that Frazier made unsuitable allocation recommendations to his variable annuity customers. The customers had not completed college and had little investment experience. All were at or near retirement age, were of moderate means and expressed concerns about losing their principal. Nevertheless, at various times during the terms of their variable annuity contracts, Frazier recommended that the customers allocate most or all of their annuity assets to a single investment portfolio, and often the portfolio he recommended involved high-risk investments. Frazier's recommendations to over concentrate assets in high-risk investments were unsuitable for customers who were at or near retirement, had only moderate means, and were concerned about preservation of principal. FINRA also found that Frazier recommended that customers take out home mortgages from their paid-off homes and invest the proceeds into variable annuities. Some customers followed this advice. Frazier convinced customers to use profits from their annuities to purchase duplicative or excessive insurance policies, and arranged for systematic withdrawals from the variable annuities to pay the insurance premiums. The withdrawals to pay the insurance premiums resulted in several customers incurring additional tax liability and surrender charges. Frazier also recommended that a customer, whose variable annuity was beyond the surrender period and was no longer subject to deferred sales charges, sell the annuity and invest the proceeds in a new variable annuity, exposing her to a new period of deferred sales charges. These strategies produced additional compensation for Frazier but were unsuitable for the customers. In addition, FINRA determined that Frazier often completed or partially completed forms that the customers were required to fill out when applying for a variable annuity contract. Several of the forms Frazier completed were inaccurate. Frazier overstated the net worth and income of customers and inaccurately characterized their risk tolerances. Frazier regularly had customers sign undated, blank brokerage forms. Such signed, but otherwise blank forms were located among his files, along with correspondence specifically instructing customers to sign but not date blank forms. ([FINRA Case #2010023442901](#))

Roger Allan Fuller (CRD #1722316, Registered Representative, McGregor, Texas) 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, Fuller consented to the described sanction and to the entry of findings that he forged customers' names and/or initials on forms, which required the customers' authorization and submitted the forms to his member firm. The findings stated that during Fuller's entire tenure with his firm, he failed to notify the firm that he had existing ownership interests in securities accounts at an executing member firm. The findings also stated that Fuller failed to respond to FINRA requests for information concerning, among other things, the forgery allegations and the security accounts held at the executing firm. ([FINRA Case #2012031369801](#))

Michael Anthony Gigante (CRD #1808104, Registered Representative, Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 60 days.

Without admitting or denying the findings, Gigante consented to the described sanctions and to the entry of findings that he engaged in an undisclosed business activity by referring member firm customers to a mortgage broker associated with an entity that offered mortgage brokerage services and investment opportunities. The findings stated that Gigante's firm's written policies and procedures prohibited registered representatives from engaging in any new or previously undisclosed outside business activity with or without compensation, until the firm had formally approved the activity. Gigante did not receive any monetary compensation from referring customers to the mortgage broker. Gigante made the referrals hoping that the mortgage broker would reciprocate by referring clients to Gigante at his firm. Gigante did not report to his firm that he was referring potential investors to the mortgage broker, nor did he seek the firm's permission to make these referrals. The findings also stated that on firm compliance questionnaires, for two years, Gigante failed to disclose that he was referring customers to the mortgage broker and represented that he was not engaging in any outside business activities. Unbeknownst to Gigante, the mortgage broker's operation was a Ponzi scheme that eventually unraveled, causing the participants to lose all of their investments without seeing any return. The findings also included that after the firm conducted an internal investigation, it became aware of Gigante's unapproved outside business activity and terminated his employment.

The suspension is in effect from July 1, 2013, through August 29, 2013. ([FINRA Case #2011028873001](#))

Audra Anne Gilbert (CRD #5629528, Registered Representative, Hewitt, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for four months. In light of Gilbert's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Gilbert consented to the described sanction and to the entry of findings that she engaged in check-kiting practices. The findings stated that Gilbert wrote checks totaling approximately \$1,500 from her member firm account while having insufficient funds in that account. Gilbert then deposited the checks into her checking account at a different institution, thus drawing on insufficient funds. The findings also stated that Gilbert was charged approximately \$243 in fees in her firm account for having non-sufficient funds. These fees were then charged off onto the blotter of Gilbert's supervisor, and Gilbert never paid them.

The suspension is in effect from June 17, 2013, through October 16, 2013. ([FINRA Case #2012032984401](#))

Robert Gist (CRD #716088, Registered Representative, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gist consented to the described sanction and to the entry of findings that he misappropriated several million dollars from his customers. The findings stated that in order to carry out

the scheme, Gist misrepresented to these customers that he would invest their money in securities positions. Instead, Gist invested the customers' funds in a company he cofounded. In furtherance of the scheme, Gist created and sent account statements with wholly fictitious securities positions to his customers every six months. The findings also stated that Gist perpetuated the scheme by selling units of the company he owned, or used other investors' funds, in order to make periodic payments to his customers. By virtue of his conduct, Gist willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, FINRA Rules 2010, 2020 and 2150(a), and NASD Rules 2110, 2120 and 3110(a). ([FINRA Case #2013036772901](#))

Steven Bruce Grunweg (CRD #2670062, Registered Representative, East Windsor, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Grunweg consented to the described sanction and to the entry of findings that he executed a promissory note with a member firm customer, in the amount of \$30,000. The findings stated that the note acknowledged a pre-existing debt of \$80,000 and further stated that \$50,000 had already been repaid. After Grunweg's firm learned of the promissory note, it permitted him to resign. On the same day, Grunweg told a customer of his firm's bank affiliate that over the past three months, he had removed \$65,000 from her safe deposit box without authorization and for his own personal use. ([FINRA Case #2012032630801](#))

Jon Eric Guay (CRD #2837453, Registered Representative, San Jose, 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, Guay consented to the described sanction and to the entry of findings that he received a total of approximately \$225,000 from customers after he made representations, which were false, that he would use their funds to open a futures trading account or to invest in a company where the funds would earn 3 percent annually. Guay deposited the funds into a bank account under his control and made improper use of the funds, which included payment of personal expenses and trading in his personal futures accounts. Guay's misrepresentations and his improper use and conversion of customers' funds constituted a failure in the conduct of his business to observe high standards of commercial honor and just and equitable principles of trade. The findings stated that Guay failed to provide his member firm written notice prior to his involvement in a private securities transaction. Guay participated in a brokerage customer's securities transaction involving a \$300,000 investment in a mutual fund. Guay failed to provide his firm with written notice about his plans to recommend and facilitate the mutual fund purchase, his role in doing so, or anticipated compensation he expected to receive, if any. ([FINRA Case #2013035577901](#))

Burgess Nathaniel Hallums (CRD #1619983, Registered Principal, Ramona, 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, Hallums consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for documents and information in connection with its investigation into allegations that he engaged in outside business activities and/or private securities transactions. The findings stated that through counsel, Hallums informed FINRA that he would not be providing a response to FINRA. ([FINRA Case #2012033718901](#))

Diego Fernando Hernandez (CRD #3054186, Registered Representative, Lonetree, Colorado) 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, Hernandez consented to the described sanction and to the entry of findings that he failed to timely and completely respond to numerous FINRA requests for information and documents in connection with its investigation into the possibility that, among other things, Hernandez may have misappropriated funds from customers of his member firm. The findings stated that Hernandez engaged in outside business activities but did not disclose to his firm, or receive the firm's prior approval, to engage in such activities. ([FINRA Case #2013035802001](#))

Giles Anthony Hoagland (CRD #4160185, Registered Representative, Peru, Indiana) was barred from association with any FINRA member in any capacity. Restitution was not ordered because Hoagland repaid the customer. The sanction was based on findings that Hoagland began using a customer's monthly insurance premiums to pay his personal expenses. Hoagland paid the customer's premiums with his mortgage commissions until he was unable to do so. The customer's insurance was cancelled for non-payment of \$5,148.52 in premiums. Despite the policy cancellation, Hoagland continued to charge and collect premiums from the customer, ultimately receiving \$12,575.02. The findings stated that Hoagland failed to respond to FINRA requests to appear for testimony. The findings also stated that Hoagland failed to timely amend his Form U4 to disclose the filing of a bankruptcy petition. ([FINRA Case #2011027456401](#))

Jared Clayton Jenkins (CRD #5818549, Registered Representative, Apple Valley, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Jenkins consented to the described sanctions and to the entry of findings that he exercised discretionary trading authority in some customers' accounts, without the customer's prior written authorization. The findings stated that Jenkins accepted instructions from third parties for the accounts of some customers without obtaining written authorization from the customers or written approval from his member firm to accept third-party orders for the accounts.

The suspension was in effect from July 15, 2013, through July 26, 2013. ([FINRA Case #2011029509401](#))

Ronald Lyle Johnson (CRD #1969599, Registered Principal, Amarillo, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Johnson failed to respond to FINRA's requests for information and documents regarding a civil action. The findings stated that Johnson borrowed \$120,000 from a customer but had not repaid the entire loan amount. The findings stated that Johnson neither informed his firm of the loan nor obtained its approval, contrary to the firm's written procedures that prohibited registered representatives from borrowing funds from customers. ([FINRA Case #2011027497101](#))

Melissa Winnie Joseph (CRD #6004977, Associated Person, Westminster, California) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for two years. In light of Joseph's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Joseph consented to the described sanction and to the entry of findings that she improperly possessed unauthorized notes she had created, while taking the Series 7 examination. The findings stated that these notes related to the subject matter of the examination. Prior to the commencement of the exam, Joseph represented that she had read and agreed to the testing center's Rules of Conduct.

The suspension is in effect from June 17, 2013, through June 16, 2015. ([FINRA Case #2012032111801](#))

Lawrence Joseph Kaczmarek (CRD #2238281, Registered Representative, Belvidere, Illinois) 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 nine months. The fine must be paid either immediately upon Kaczmarek'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, Kaczmarek consented to the described sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he was charged with felonies and willfully failed to disclose on an initial Form U4 that he was charged with a felony.

The suspension is in effect from July 1, 2013, through March 31, 2014. ([FINRA Case #2012031322001](#))

Chadrick David Kelly (CRD #2712230, Registered Representative, Denham Springs, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kelly consented to the described sanction and to the entry of findings that he engaged in unsuitable excessive trading and churning in his customers' accounts. The findings stated that as a result of Kelly's conduct, he willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, FINRA Rule 2010 and NASD Rule 2110. The customers were unsophisticated investors, with no education beyond the high school level,

and each had annual income levels of less than \$100,000, and a total net worth of under \$500,000. Most of the customers lost a significant percentage of their retirement savings. Kelly generated more in commissions in two accounts than those accounts had in equity. The findings also stated that the customers relied entirely on Kelly's investment advice and he exercised de facto control over their accounts. The level of activity in the accounts, as reflected in the accounts' turnover rates and cost-to-equity ratios, was inconsistent with the customers' objectives and financial situation. The findings also included that Kelly made unauthorized trades in other customers' accounts. Kelly entered sell orders in non-discretionary client accounts without obtaining client approval and effected numerous additional trades in customers' accounts without obtaining approval. Each of the customers expressed surprise when they learned about the trading in their accounts. None of the customers' accounts were discretionary accounts. ([FINRA Case #2010023946701](#))

Donovan Morgan Lazar (CRD #2196115, Registered Principal, Cumming, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Lazar'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, Lazar consented to the described sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose unsatisfied tax liens.

The suspension is in effect from July 1, 2013, through September 30, 2013. ([FINRA Case #2012033040801](#))

Anthony Mediate III (CRD #2449614, Registered Representative, Red Bank, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 60 days. In light of Mediate's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Mediate consented to the described sanction and to the entry of findings that he engaged in excessive trading and exercised discretion without written authorization in his handling of a customer account. The findings stated that during the 15 months that the customer maintained the IRA account with Mediate at his member firms, the customer incurred a net out-of-pocket loss of approximately \$55,000. The customer paid a total of \$37,464.45 in commissions. The turnover ratio for the account was 5.35 and the commission-to-equity ratio was 30 percent. This level of activity was inconsistent with the customer's stated objectives and financial situation. The findings also stated that Mediate failed to timely disclose an unsatisfied judgment on his Form U4 until two days after he was confronted with the judgment at a FINRA on-the-record interview.

The suspension is in effect from July 15, 2013, through September 12, 2013. ([FINRA Case #2009018517201](#))

Craig Robert Morrison (CRD #4490109, Registered Representative, Gainesville, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Morrison'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, Morrison consented to the described sanctions and to the entry of findings that he falsified customers' documents by recycling the customers' signatures from previously signed documents and pasting their signatures onto new asset allocation change/fund transfer forms, beneficiary designation forms and a Roth 403(b) salary reduction agreement. The findings stated that Morrison pasted the signatures without authorization, for transactions the customers otherwise had approved.

The suspension is in effect from July 1, 2013, through September 30, 2013. ([FINRA Case #2012034371401](#))

Steven John Mucciolo (CRD #1889758, Registered Representative, Smithtown, 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, Mucciolo consented to the described sanctions and to the entry of findings that he falsified member firm account-related documents by using photocopied signatures or initials of customers and submitted them to the firm as original documents that became part of the firm's books and records. The findings stated that doing so caused the firm to create and maintain inaccurate books and records. Mucciolo had customers sign or initial the incomplete firm documents. These documents acknowledged the customers' understanding of the firm's policies related to concentrated positions in certain funds beyond guidelines the firm established, risks associated with switching investments, costs associated with investing in mutual funds, and the impact expenses and loads have on returns over time. The findings also stated that Mucciolo photocopied or instructed another person to photocopy the documents containing the customers' signatures or initials and completed the necessary information on the documents. Mucciolo then submitted these documents containing the photocopied signatures or initials of the customers to the firm as original documents to become part of the firm's books and records.

The suspension is in effect from July 15, 2013, through September 12, 2013. ([FINRA Case #2011027732501](#))

Anne O'Callaghan (CRD #5804802, Registered Representative, New York, New York) 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, O'Callaghan consented to the described sanctions and to the entry of findings that she failed to disclose felony charges, a material fact, on her Form U4. The felony charges were later dismissed.

The suspension was in effect from July 15, 2013, through August 13, 2013. ([FINRA Case #2012032962201](#))

John Hongkeun Pak aka Hong Gown Pak (CRD #1193651, Registered Representative, Centreville, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Pak'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, Pak consented to the described sanctions and to the entry of findings that he exercised discretionary power in a customer's account without obtaining the customer's written authorization or his member firm's acceptance of the account as discretionary. The findings stated that Pak reallocated approximately \$240,000 of the customer's investment in a variable annuity from a fixed income subaccount to equity subaccounts. The value of the customer's investments in the equity subaccounts declined and Pak again exercised discretionary power by reallocating the customer's investments in the equity subaccounts back into the fixed income subaccount. The findings also stated that Pak's firm prohibited discretionary trading in variable annuity subaccounts. The firm settled with the customer, covering the losses she sustained as a result of Pak's discretionary transactions in her account.

The suspension was in effect from July 1, 2013, through July 31, 2013. ([FINRA Case #2012032053101](#))

Juan Carlos Parets (CRD #4839759, Registered Representative, New York, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 18 months and ordered to pay \$30,000 in restitution to customers, based on Parets' demonstration of a limited ability to pay full restitution. Without admitting or denying the allegations, Parets consented to the described sanctions and to the entry of findings that he made material misstatements and omitted material facts in connection with the offer and sale of promissory notes to retail investors. The findings stated that the misstatements and omissions concerned material facts for investors, including the actual financial condition of the company offering the notes, the safety of the investment and Parets' own lack of understanding of the company's financial condition. The findings also stated that Parets failed to conduct a reasonable investigation of the issuer of the notes to determine whether the securities being offered were suitable for recommendation to any customer, and the risk or rewards of the investment. Parets did not have a reasonable understanding of the company's financial condition when he sold the notes to his customers. The findings also included that Parets did not have reasonable grounds to believe that his recommendations to customers were suitable on the basis of the facts his customers disclosed as to their other securities holdings and financial situation and needs.

FINRA found that Parets sold unregistered notes to customers, which constituted an unregistered distribution of securities and did not qualify for an exemption from registration. No registration statement was in effect under the Securities Act of 1933 for the notes when the sales occurred. Parets sold the notes to unaccredited investors, in spite of red flags indicating that this would constitute taking part in an illegal unregistered distribution. In effecting the sales of the notes, Parets used the means or instruments of transportation or communication in interstate commerce, including making phone calls from New York to his customers in other states.

The suspension is in effect from July 1, 2013, through December 31, 2014. ([FINRA Case #2011026346206](#))

Keith Dow Powell (CRD #2143046, Registered Representative, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 15 business days. The fine must be paid either immediately upon Powell'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, Powell consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose compromises with creditors.

The suspension was in effect from June 17, 2013, through July 8, 2013. ([FINRA Case #2011028200201](#))

Norbert Michal Price aka Norbert Michal Przybycien (CRD #5739501, Registered Representative, Naperville, Illinois) 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 Price'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, Price consented to the described sanctions and to the entry of findings that he sent an email to numerous prospective investors regarding an investment opportunity involving a municipal bond that constituted sales literature and violated certain approval requirements and content standards. The findings stated that according to the email, Price's member firm was going to be offering the municipal bond to investors. The findings also stated that the emails were not approved by a registered principal of the firm; contained information which was unwarranted or misleading concerning, *inter alia*, the bond's rating; failed to provide a sound basis for evaluating the bond by excluding material information such as yield-to-maturity and yield-to-call; failed to disclose the basis for calculations; contained information that was incomplete and oversimplified; and failed to provide a balanced treatment of risks and potential benefits of the bond that Price recommended.

The suspension was in effect from July 1, 2013, through July 31, 2013. ([FINRA Case #2012031102601](#))

Edward Arthur Rademaker Jr. (CRD #2041307, Registered Representative, Mamaroneck, 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 six months. The fine must be paid either immediately upon Rademaker'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, Rademaker consented to the described sanctions and to the entry of findings that he improperly borrowed money from an elderly, disabled customer at his member firm. The findings stated that Rademaker did not provide notice to, or receive permission from, his firm to borrow from the customer, and the firm's WSPs prohibited borrowing from customers. The customer orally complained to the firm about Rademaker and the outstanding money owed to her on the loan. After conducting an internal review into Rademaker's activities, the firm discharged him.

The suspension is in effect from June 17, 2013, through December 16, 2013. ([FINRA Case #2011030326801](#))

David Lee Rhodes (CRD #2620006, Registered Representative, College Station, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Rhodes consented to the described sanctions and to the entry of findings that he failed to provide prior written notice to his member firm that he entered into private securities transactions. The findings stated that Rhodes, through a wholly owned entity, entered into promissory notes in which he, through the entity, borrowed a total of \$55,000 from customers. The firm previously prohibited Rhodes from participating in any transactions to raise capital or to solicit investors.

The suspension was in effect from July 1, 2013, through July 30, 2013. ([FINRA Case #2011026622401](#))

John Rom (CRD #5508431, Registered Representative, Roslyn Heights, 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, Rom consented to the described sanction and to the entry of findings that, in his capacity as the treasurer of a school parent teacher association (PTA), he misappropriated at least \$3,000 from the PTA by writing a series of checks on the PTA's bank account that were made payable to either himself or cash, and then used the funds for his personal expenses. The findings stated that Rom did not have permission or authority to use the funds for his own purposes. ([FINRA Case #2013035729601](#))

Cristie Lynn Rothweiler aka Cristie Lynn Robles (CRD #5209424, Associated Person, Phoenix, Arizona) was barred from association with any FINRA member in any capacity and ordered to pay \$1,038.55, plus interest, in restitution to a member firm. The sanctions were based on findings that Rothweiler used her checking account and her brokerage account to engage in check kiting until the firm notified her that its affiliated bank had terminated her check-writing privileges and had closed her checking account because of additional insufficient funds transactions. The findings stated that despite acknowledging to the firm that the bank had terminated her check-writing privileges, Rothweiler wrote a \$410 check to a third party drawn on the closed account, which the bank did not honor and returned the check. The findings also stated that Rothweiler wrote a \$1,250 check on her closed checking account and deposited it into her brokerage account. Before the bank processed the check, Rothweiler directed the firm to issue a check from the account for \$1,198.55, which she deposited into an account maintained at a different institution and then used the funds. The findings also included that Rothweiler's bank returned the \$1,250 check to the firm, which charged her brokerage account for the bad check, creating a negative balance. By these acts, Rothweiler converted to her own use \$1,198.55 of the firm's funds. Rothweiler repaid the firm \$160 towards the \$1,198.55. ([FINRA Case #2010024238801](#))

David Bernard Salko (CRD #1950413, Registered Principal, Huntington, New York) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 23 months. The fine must be paid either immediately upon Salko'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, Salko consented to the described sanctions and to the entry of findings that he submitted an affidavit that contained false statements regarding an individual being part owner of his firm-approved life insurance business, and knew the affidavit contained false statements at the time he executed the document. The findings stated that Salko was the supervisor of a registered representative at his member firm who was participating in an unapproved outside business activity. Salko was aware that the registered representative was participating in the outside business activity but did not take any steps to ensure that the firm obtained written notice of the registered representative's participation in the activity.

The suspension is in effect from June 17, 2013, through May 16, 2015. ([FINRA Case #2009019335901](#))

Paul Everett Schuerger (CRD #2156623, Registered Representative, Rantoul, Illinois) 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, Schuerger consented to the described sanction and to the entry of findings that he provided FINRA with an email in which he indicated that he would not appear for an on-the-record interview and give testimony, as FINRA requested, and that he would agree to a bar from being associated with a FINRA-registered firm in the future. The findings

stated that a FINRA member firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that Schuerger had resigned while under firm investigation, following his admission that he had entered into a personal loan agreement with a customer and that he had solicited a loan from a second customer. ([FINRA Case #2012032789201](#))

Stephen Blair Sherwood (CRD #4583585, Registered Representative, Kings Park, 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, Sherwood consented to the described sanction and to the entry of findings that he forged the signature of a coworker on payroll checks totaling \$1,197.16, issued by an insurance company. The findings stated that the checks were forged without the coworker's knowledge or consent, and the funds were made payable to Sherwood. Sherwood's member firm discovered the forgery, and Sherwood, attempting to conceal his misconduct, asked the coworker to send a false email to a supervisor claiming that the checks had not been forged. The findings also stated that although the coworker initially complied with Sherwood's request and sent the email, the coworker retracted the statement in a second email sent the following day, and affirmed that the signatures had been forged and the checks had been endorsed without authorization. Sherwood reimbursed the coworker for the funds that had been wrongfully converted. ([FINRA Case #2012034755101](#))

Marc Stephen Sini (CRD #3192501, 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. The fine must be paid either immediately upon Sini'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, Sini consented to the described sanctions and to the entry of findings that he used his member firm's electronic communication systems to regularly communicate with other firm employees concerning potential illegal gambling bets and spreads. The findings stated that Sini accepted and placed bets on behalf of other firm employees for a gambling enterprise. Sini used the firm's email systems and instant messaging systems to discuss spreads, prop bets and other potential betting activities with other firm employees and received communications indicating the placement of bets on professional sports teams. Sini, in turn, placed these bets with the gambling enterprise and personally profited from doing so. Sini's gambling-related activities did not encompass firm customers or customer funds. The findings also stated that Sini was indicted for felony and misdemeanor charges relating to his gambling activities. Sini entered a guilty plea to the Class E felony of Promoting Gambling in the First Degree in satisfaction of all the charges in the indictment. In pleading guilty, Sini admitted that he knowingly advanced and profited from unlawful gambling activity by engaging in book-making upon agreement with others and that he and they would receive or accept more than five bets totaling more than \$5,000.

Sentencing was conditioned upon Sini's success in completing a year-long court-mandated program. Having successfully completed that program, charges against Sini were dismissed.

The suspension is in effect from June 17, 2013, through September 16, 2013. ([FINRA Case #2011030347601](#))

Christopher Francis Smith (CRD #2710455, Registered Representative, Hicksville, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Smith consented to the described sanction and to the entry of findings that he improperly used \$9,300 from a member firm customer. The findings stated that Smith processed a \$10,000 withdrawal from the customer's brokerage account, without her knowledge or permission, through the use of a cashier's check. Smith deposited that check into the customer's bank checking account, less \$3,500 in cash, which Smith kept for himself. The findings also stated that one year later, Smith again processed a \$10,000 withdrawal from the customer's other brokerage account at his firm, without the customer's knowledge or permission, through the use of a second cashier's check. Smith deposited that check into the customer's bank checking account, less \$3,500 in cash, which Smith kept for himself. Smith withdrew \$2,300 from the customer's bank checking account without her knowledge or permission, and kept it for himself. The findings also included that Smith withdrew a total of \$10,000 from other customers' bank checking accounts without their knowledge or permission. The customers did not have brokerage accounts. FINRA found that Smith failed to respond to FINRA requests for documents and information concerning allegations that while registered with his firm, he misappropriated a customer's funds. ([FINRA Case #2012032715001](#))

Shahryar Sohi aka Shawn Sohi (CRD #2214610, Registered Representative, North Hollywood, 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, Sohi consented to the described sanction and to the entry of findings that he converted approximately \$17,000 from two of his member firm's customers. The findings stated that for each of these customers, Sohi opened a joint account at a fund company in the names of the customer and Sohi's wife, without the customer's approval or knowledge and without his firm's approval. The unauthorized joint accounts were opened directly with the fund company, without listing representative or broker-dealer information on the new account forms, and with a mail drop box as the address of record. The findings also stated that when the customers gave Sohi checks intended for deposit into their firm accounts, he deposited checks into the unauthorized joint accounts. Sohi issued himself checks from one of the unauthorized accounts, totaling \$6,500. ([FINRA Case #2012032211201](#))

Phaedra Danell Spain (CRD #4568186, Registered Representative, Lake Charles, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the

findings, Spain consented to the described sanction and to the entry of findings that she fraudulently obtained food stamp and child care financial assistance, for approximately \$7,000, from the State of Louisiana's Department of Children and Family Services (DCFS). The findings stated that Spain falsified her co-worker's payroll statements and submitted the falsified payroll statements to DCFS. ([FINRA Case #2012033517901](#))

Warren Leroy Troutman (CRD #449648, Registered Representative, Freeport, 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 two months. The fine must be paid either immediately upon Troutman'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, Troutman consented to the described sanctions and to the entry of findings that he had power of attorney for a customer's account and was named as executor of the customer's will, without notice to his member firm. The findings stated that the firm's procedures prohibited its registered representatives from being an owner or beneficial owner of a non-family member customer's contract, policy or account. The firm's procedures also prohibited registered representatives from serving in a fiduciary capacity, such as trustee, executor or attorney-in-fact under a power of attorney unless the customer is a family member. The findings also stated that while listed as the executor of the customer's will and while maintaining power of attorney, Troutman asked the customer to list him as a \$20,000 beneficiary in the customer's will. The customer declined to name Troutman as a beneficiary and in response to the request, removed Troutman as executor of his will and revoked the power of attorney. Thereafter, Troutman requested that the customer send him \$8,500 for services rendered in connection with his work as executor of the will. In the event the customer did not pay the \$8,500 requested, Troutman informed the customer that he would go to court to charge the customer's estate the \$8,500 plus interest from that time forward until the customer's death. The findings also included that Troutman never informed his firm that he was acting in a fiduciary capacity and sought to become a beneficiary in the will of a non-family customer of the firm. Troutman's attempt to receive compensation for services rendered as executor of a will was also outside the scope of the firm's business. Troutman was obligated but failed to disclose such outside business activity.

The suspension is in effect from June 17, 2013, through August 16, 2013. ([FINRA Case #2011029186101](#))

David Albert Urovsky (CRD #1806732, Registered Principal, Rockville, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. In determining sanctions, FINRA took into account the sanctions imposed by the Maryland Securities Commissioner against Urovsky for the same conduct. Without admitting or denying the findings, Urovsky consented to the described sanctions and to the entry of findings that he

borrowed a total of \$400,500 from his member firm customers, and did not seek or obtain the firm's approval before entering into the loans. The findings stated that Urovsky paid off the loans excluding one of them for which another registered representative of the firm, who was a co-signer on the original note, assumed full responsibility for repayment of the remaining debt to the customer. The findings also stated that Urovsky used \$350,500 from the loans to acquire financial advisory practices from departing firm colleagues. The firm knew about Urovsky's intention to purchase those practices, but not the loans he obtained from firm customers. Urovsky used \$50,000 from the loans for personal expenditures.

The suspension is in effect from August 1, 2013, through August 31, 2013. ([FINRA Case #2011028731401](#))

Frederick John Vetter III (CRD #2155203, Registered Principal, Olathe, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500, suspended from association with any FINRA member in any capacity for two months, and suspended from association with any FINRA member in any principal capacity for nine months. The suspensions shall be served concurrently. Without admitting or denying the findings, Vetter consented to the described sanctions and to the entry of findings that he, as a member firm's chief compliance officer (CCO), provided partial but incomplete responses to certain information requests FINRA issued to the firm. Specifically, in response to the subject requests, Vetter failed to disclose that he and another firm employee reviewed and approved certain iterations of form letters that the firm sent to numerous customers concerning the closing of their accounts. More than one year after Vetter responded to the subject requests, the firm, through counsel, provided that information to the staff.

The suspension in any capacity is in effect from July 1, 2013, through August 31, 2013. The suspension in any principal capacity is in effect from July 1, 2013, through March 31, 2014. ([FINRA Case #2011026248502](#))

Kaream Hassan White (CRD #3109919, Registered Representative, Gilbert, Arizona) was barred from association with any FINRA member in any capacity. The sanction was based on findings that White failed to appear and testify, as FINRA requested, at scheduled on-the-record interviews, in connection with FINRA's investigation into the facts and circumstances that gave rise to his discharge from his member firm. The findings stated that the firm's assertion was that White was discharged for conduct inconsistent with the firm's policies regarding personal accounts. FINRA came to suspect that White might have been engaged in criminal check kiting (intentionally writing checks on an account with insufficient funds) or check fraud. ([FINRA Case #2011026620501](#))

Wendy Janeen Worcester (CRD #5604845, Registered Principal, Newport Beach, California) submitted an Offer of Settlement in which she was fined \$15,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Worcester'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, Worcester consented to the described sanctions and to the entry of findings that she was the designated principal responsible for conducting due diligence for private placement and registered offerings by her member firm; and in connection with the offerings, Worcester, on the firm's behalf, failed to establish, maintain and enforce a supervisory system reasonably designed to achieve the parent company's compliance with applicable laws, rules and regulations regarding offerings. In that regard, Worcester failed to ensure that the affiliation between the firm and the parent company did not compromise her and the firm's ability to conduct an independent, thorough and reasonable investigation of each offering to ensure that before the firm marketed the offerings to other firms, it had a reasonable basis to believe the offerings were suitable for at least some investors and that the firm and its personnel did not violate the antifraud provisions of the federal securities laws or FINRA rules in connection with the preparation or distribution of offering documents or sales literature. The findings also stated that Worcester failed to establish, maintain, and enforce a system and procedures reasonably designed to resolve conflicts of interest between the firm, the issuer and its parent, in the course of conducting the firm's due diligence of offerings. The findings also included that Worcester failed to conduct adequate and independent due diligence regarding the offerings and thus compromised the firm's independence, in that she knew, or should have known, that during the relevant offering periods, there were representations in the offerings' documents that were materially misleading and failed to adequately disclose relevant information regarding the offerings. Notwithstanding the financial condition of the parent and certain of its affiliated entities, Worcester did not conduct thorough and independent due diligence and thus failed to resolve conflicts of interest arising from her dual affiliation with the broker-dealer firm and its parent, which sponsored the offerings. FINRA found that Worcester failed to timely appear for FINRA on-the-record interviews.

The suspension is in effect from June 17, 2013, through November 16, 2013. ([FINRA Case #2011025785601](#))

Dennis Fern Wright (CRD #1208101, Registered Representative, Lewistown, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wright consented to the described sanction and to the entry of findings that he refused to provide FINRA with requested documents and information, and refused to appear for on-the-record testimony into the possible conversion of customer funds disclosed on Wright's Form U5. ([FINRA Case #2012032976001](#))

Guy William Ziriak (CRD #3173806, Registered Representative, Amherst, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Ziriak consented to the described sanctions and to the entry of findings that he improperly transferred confidential and proprietary

customer information outside of his member firm by mailing the information to a non-affiliated, third-party member firm. These customers were not provided with proper notice or a reasonable opportunity to opt out of the disclosure. The findings stated that while a number of documents included summary data and public information, some of the reports included private, confidential information, such as account size, account numbers, specific securities the customers owned, investment balances, product descriptions, Committee on Uniform Security Identification Procedures (CUSIP) numbers and sales amounts. By engaging in such conduct, Ziriak caused the firm to violate SEC Regulation S-P.

The suspension was in effect from July 1, 2013, through July 15, 2013. ([FINRA Case #2012031596301](#))

Individuals Fined

John Sherman Jumper (CRD #2809649, Registered Principal, Eads, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$10,000. Without admitting or denying the findings, Jumper consented to the described sanctions and to the entry of findings that his member firm, acting through Jumper, failed to provide the OS in a municipal securities offering to customers whose transactions settled on that day. The findings stated that the firm, acting through Jumper, failed to timely submit the OS in one municipal offering to the EMMA system. The firm, acting through Jumper, filed to the MSRB a Form G-37 that failed to disclose an issuer with which the firm had engaged in municipal securities business. The findings also stated that the firm, acting through Jumper, as the responsible principal, did not establish and maintain an adequate system to supervise its municipal securities activities. ([FINRA Case #2012030378403](#))

Joey James Warmenhoven (CRD #2749033, Registered Representative, West Linn, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$20,000. Without admitting or denying findings, Warmenhoven consented to the described sanctions and to the entry of findings that he entered trade tickets and other information into his member firm's systems for trades he executed with institutional customers. In entering the orders, Warmenhoven failed to show the correct execution time on brokerage order memoranda, failed to show the correct order receipt time on the brokerage order memoranda and incorrectly marked some orders as solicited when they were in fact unsolicited. The findings stated that Warmenhoven executed short sale transactions and failed to report each of these transactions to the FNTRF with a short sale modifier. ([FINRA Case #2009018093402](#))

Lowell Sterling Wilson (CRD #2322723, Registered Principal, Germantown, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$10,000. Without admitting or denying the findings, Wilson consented to the described sanctions and to the entry of findings that his member firm, acting through Wilson, its financial and operations principal (FINOP), conducted a securities business while it failed

to maintain its required minimum net capital. The findings stated that the net capital deficiencies, as well as related books and records violations, stemmed from the firm, acting through Wilson, not accruing the firm's financial accounting data. Also, the firm, acting through Wilson, held its clearing deposit in a non-FDIC money market account, which required a 2 percent adjustment to net capital. The firm, acting through Wilson, failed to make the necessary adjustment to net capital. The findings also stated that in connection with these failures, the firm, acting through Wilson, failed to file the requisite notifications of its net capital deficiencies at certain times, failed to file early warning notifications at certain times, filed inaccurate monthly FOCUS reports, and maintained inaccurate books and records. ([FINRA Case #2012030378402](#))

Decision Issued

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

The Keystone Equities Group, L.P. (CRD #127529, Ambler, Pennsylvania), William Bruce Fretz Jr. (CRD #1545760, Registered Principal, Souderton, Pennsylvania) and John Plesnar Freeman (CRD #1651569, Registered Representative, Newtown, Pennsylvania). The firm was fined \$25,000. Fretz and Freeman were barred from association with any FINRA member in any capacity. The sanctions were based on findings that Fretz and Freeman misused customer funds and made misrepresentations and omissions of material facts to investors. The findings stated that Fretz and Freeman controlled a private investment limited partnership, which they described as a private equity firm or hedge fund. Fretz and Freeman improperly took \$5 million from the hedge fund and disbursed \$4.26 million through the hedge fund's firm brokerage account. Although Fretz and Freeman described these transfers as disbursements of a hedge fund, they are viewed as transfers of a broker-dealer's customer funds at the direction of registered persons through a member firm's brokerage account. The findings also stated that Fretz and Freeman misused the funds by causing the hedge fund to disburse a total of \$2.5 million to Fretz in a series of transactions; causing the hedge fund to make a series of transfers to Freeman that caused deficits in the hedge fund's general partner account, effectively providing Freeman over \$500,000; issuing a \$1.4 million promissory note documenting a loan from the hedge fund to the firm's holding company; making an excessive profit allocation of almost \$400,000 to the general partner's account, i.e., to Fretz and Freeman, from the hedge fund's sale of a stock; inflating the value of stock contributions Fretz made to the hedge fund by approximately \$183,000; and causing the hedge fund to make an \$11,000 short-term interest-free loan to Freeman that was not retired until years later. The findings also included that in the hedge fund's Limited Partnership Agreement and Offering Circular, Fretz and Freeman failed to disclose

the transfers of hedge fund funds to themselves and their business interests, including the firm, in violation of their fiduciary responsibilities. In those documents, Fretz and Freeman represented that the hedge fund would use investor money to purchase securities and other appropriate investments. Instead, Fretz and Freeman used investor money for their interests, to infuse cash into the firm, to lend to themselves or to support Fretz's other business concerns.

FINRA found that the firm, Fretz and Freeman made misleading statements to FINRA; in separate instances, they represented that payments to the firm from the hedge fund were distributions from Fretz's capital account, when, in fact, the payments were recorded as loans on the hedge fund's books and records. Freeman also provided misleading information to FINRA by overstating the value of Fretz's account at the hedge fund. At the very least, the firm, Fretz and Freeman should have revealed that the hedge fund's books did not record the transfers as distributions, but as loans. Fretz attested to FINRA that the transfers were distributions while telling his accountant that he did not take any distributions, only loans. Fretz and Freeman consciously sought to mislead FINRA when they created falsely dated documents purporting to corroborate their answers to FINRA's inquiries. FINRA also found that Fretz willfully filed a false Form U4 and willfully failed to amend his Form U4 to disclose unsatisfied judgments filed against him. In addition, the hearing panel dismissed the allegation that the firm issued misleading brokerage account statements to customers.

The decision has been appealed to the National Adjudicatory Council (NAC) and the sanctions are not in effect pending the appeal. ([FINRA Case #2010024889501](#))

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.

Richard Dwayne Blair (CRD #2256412, Registered Principal, Austin, Texas) was named a respondent in a FINRA complaint alleging that contrary to his claims, on his member firm's website, Blair did not provide his broker-dealer customers/advisory clients with unbiased advice, nor did he put them first. The complaint alleges that Blair recommended that his broker-dealer customers, who were also Blair's investment advisory clients, purchase shares of a real estate investment trust (REIT). Blair received at least \$104,927.24 in commissions, plus \$25,520.18 in annual management fees as investment adviser. The complaint also alleges that at the time of his recommendations, Blair knew that the REIT offered preferential pricing for shares purchased through investment advisory representatives. Blair

knew that to receive such preferential pricing, all he needed to do was check a registered investment advisor (RIA) box on the subscription agreements. Nevertheless, Blair submitted the subscription agreements to the REIT without checking the RIA box. Thus, Blair's customers overpaid by at least \$104,927.84 for their REIT shares. The complaint further alleges that by checking the box, Blair would have notified the REIT that the subscription was being made through a registered investment adviser-administered account that had a wrap fee or some other fixed billing arrangement, and the REIT would not have paid him a selling commission. Blair also failed to disclose to his clients the conflict of interest, presented by the two-tiered pricing and commission structure. In connection with the conduct, Blair willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. In addition, the complaint alleges that Blair provided customers with false and misleading disclosure forms when he recommended that they purchase variable annuities. Blair materially misrepresented the total annual fees for products he recommended and also misstated the mortality and expense fee associated with the proposed product. In connection with his use of false and misleading disclosure forms, Blair collected commissions of approximately \$70,000 on the variable annuity transactions. Therefore, Blair willfully violated Section 10(b) of the Securities Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2010, 2020 and 2330. Moreover, the complaint alleges that Blair willfully failed to update his Form U4 to disclose customer complaints. After receiving the complaints, Blair submitted several Forms U4 amendments that falsely answered "no" to questions relating to the customers' complaints, thus willfully failing to disclose this material information and causing these amendments to be false and misleading. Had Blair answered "yes" to the questions, the complaints would have been included in BrokerCheck® reports, which would have alerted customers to possible red flags regarding Blair's sales practices. Furthermore, the complaint alleges that Blair failed to accurately report notices of customer complaints with FINRA, falsely representing that the complaints were not related to the firm or a registered representative, and that the amount in dispute was zero. ([FINRA Case #2011027271901](#))

Eduardo Guillermo Diaz (CRD #1621873, Registered Principal, Ocean Springs, Mississippi) was named a respondent in a FINRA complaint alleging that in connection with the sale of a security, during telephone conversations and email communications, he intentionally or recklessly made untrue statements of material fact to a customer in willful violation of Section 10(b) of the Exchange Act and Rule 10b-5 regarding properties of a limited liability company he controlled and intentionally or recklessly omitted to state other relevant and related material facts to the customer. The complaint alleges that the customer's investments in the company and the loan to it, which totaled at least \$365,000, were not paid directly from her account at Diaz's member firm. Rather, amounts withdrawn from her account were transferred to her checking account at a bank. At Diaz's request, she then wired the funds, comprising the investments and loan to the company, to a bank account, which was a personal bank account Diaz controlled. In reliance upon representations Diaz made, the funds the customer provided to Diaz were intended for use by the company

for its general business operations. Diaz's bank account was comprised almost entirely of funds from the customer for her investments and the loan. Diaz improperly converted at least \$126,000 of these funds in his bank account to his personal use for expenditures that did not benefit the company or the customer. The complaint also alleges that Diaz executed transactions in the customer's account, without her prior knowledge, authorization or consent. The unauthorized transactions in the customer's brokerage account at Diaz's firm resulted in more than \$195,000 in cash that he sent to the customer, which she believed were distributions from the company. The complaint further alleges that Diaz, acting outside of his employment with his firm, participated in private securities transactions for compensation with the customer without providing prior written or oral notice to the firm of his proposed role in, or the selling compensation that he might receive from the transactions. The firm did not approve Diaz's private securities transactions with the customer. In addition, the complaint alleges that Diaz engaged in business activities with his company outside the scope of his relationship with the firm, without providing prior written notice to the firm or receiving its written approval. Diaz's participation in the company was not passive. Diaz was a member and manager of the company and received approximately \$126,000 in compensation as a result of his business activity with it. Moreover, the complaint alleges that Diaz solicited loans from the customer in the total amount of \$87,000. The loans were directed to Diaz and his company and deposited into his personal bank account. Diaz failed to notify his firm of the loans the customer made to him contrary to firm policy that prohibited Diaz from borrowing from customers in all circumstances. ([FINRA Case #2012034594402](#))

Roric Eugene Griffith (CRD #2783261, Registered Representative, Milwaukee, Wisconsin) was named a respondent in a FINRA complaint alleging that with the lack of written authorization from a customer and the prohibition in his member firm's WSPs, he improperly exercised time and price discretion in the purchase of dividend-generating mutual and closed-end funds in the customer's IRA. The complaint alleges that Griffith engaged in an unauthorized transaction for the customer's account, when he purchased shares of a debt fund for the customer's account in the amount of \$25,007.50 in the customer's IRA. At no time did the customer authorize Griffith to purchase any shares of the debt fund for his account. ([FINRA Case #2010025350001](#))

Hugh Robert Hunsinger Jr. (CRD #2179745, Registered Representative, Pinebrook, New Jersey) was named a respondent in a FINRA complaint alleging that he misappropriated and converted a total of \$1,452,503.57 from the accounts of his elderly and unsophisticated parents. The complaint alleges that his parents never authorized the transfer of funds. To hide his misappropriation, Hunsinger told his parents that he was selling securities they owned to invest in new insurance or securities products. Instead, Hunsinger deposited the funds into bank accounts he controlled. The complaint also alleges that Hunsinger recommended that his parents invest in a deferred combination variable and fixed annuity to be issued by a company. Hunsinger provided his parents with documents that purported to be designed for one of them and that contained information, based on a historical

illustration, concerning withdrawals, contract values, cash surrender, average annual returns and standard death benefit. The complaint further alleges that Hunsinger's parents agreed to his recommendation and believed that he was selling securities from their accounts to purchase the annuity. In addition, the complaint alleges that in subsequent meetings, Hunsinger reiterated to his parents, orally and in writing, that he had purchased the annuity, and later provided them with additional documents reflecting the purported initial premium for the annuity. Hunsinger caused securities to be sold in their accounts but never purchased the annuity. Moreover, the complaint alleges that Hunsinger willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, FINRA Rules 2010 and 2020, and NASD Rules 2110 and 2120. Hunsinger acted with scienter in falsely representing that he had purchased the annuity on behalf of his parents. Furthermore, the complaint alleges that Hunsinger failed to respond to FINRA requests for information and documents related to its investigation. ([FINRA Case #2011030045101](#))

John Carris Investments LLC (CRD #145767, New York, New York), Jason Christian Barter (CRD #2552583, Registered Principal, Hicksville, New York), George William Carris (CRD #3079577, Registered Principal, Hoboken, New Jersey) and Andrey V. Tkatchenko (CRD #2712245, Registered Principal, Lincroft, New Jersey) were named respondents in a FINRA complaint alleging that the firm, Carris and Barter engaged in a manipulative scheme of intentional prearranged trading to manipulate the price and volume of securities in the over-the-counter market. The complaint alleges that this scheme was motivated by their interest in increasing the volume and price of sales of the shares, including in ongoing private placements of public equity (PIPEs) for which the firm acted as a placement agent. From these placements, the firm, Barter and Carris earned commissions ranging from 7 percent to 10 percent, and warrants from which they could profit by cashless exercise. By engaging in prearranged trading, the firm, Barter and Carris created volume, gave the appearance of greater liquidity, manipulated the price by which the shares were bought and sold, and prevented large sales of blocks of shares from being sold into the market (which would depress the stock price). This prevented the price and volume from accurately reflecting market activity prior to and during an offering. The complaint also alleges that as part of the manipulative scheme, Carris directed purchases of the stock in his customer accounts that held insufficient funds to satisfy the purchase. Consequently, after a specified time period, the firm's clearing firm ordered the firm to sell the shares in the open market. When this occurred, Carris would set up a prearranged trade to direct that another firm customer purchase that precise number of shares at a precise price from the underfunded customer. Often the secondary purchase was made on behalf of a customer whose account was also insufficiently funded and the pattern was repeated. This prearranged trading activity was all marked unsolicited, and generally did not result in the charging of a commission, and did not have any legitimate business purpose. The complaint further alleges that in connection with the offer and sale of stock and notes, the firm and Carris failed to provide potential investors with material information regarding the firm's and its parent company's financial condition and operations. As a

result, the representations in the self-offering materials regarding the financial condition of the firm were misleading and omitted material information. The parent company paid dividends to prior investors out of new investor's funds, in a Ponzi-like manner. Each of the misrepresentations and omissions was willful and knowing or, at minimum, reckless.

In addition, the complaint alleges that the firm, Carris and Tkatchenko recommended the purchase of stock and notes to customers despite not having any reasonable grounds to expect economic gains for their customers based upon these investments. Moreover, the complaint alleges that Carris caused the firm to pay him more than \$1,000,000 in cash and non-cash payments and to falsely classify his personal expenses as legitimate business, causing the firm to maintain inaccurate books and records. Carris caused the firm to issue him a false W-2 for a year, which understated the compensation he received, and failed to issue him any year-end tax-reporting forms, including a W-2 for two years. Furthermore, the complaint alleges that the firm and Carris failed to adequately establish and implement adequate anti-money laundering (AML) procedures. The firm's business was heavily comprised of trading in penny stocks. However, the firm's AML policies, procedures, and internal controls were not reasonably designed to achieve compliance with the Bank Secrecy Act and its implementing regulations. The firm and Carris failed to implement the firm's AML programs and WSPs, as they did not adequately review transactions for suspicious activity, and did not review the reports that the clearing firm provided to them as the AML programs specified that they would. The complaint also alleges that the clearing firm provided reports that detailed the firm's trade activity, fund activity and all securities received and delivered. Instead of reviewing these reports, the firm conducted manual review of wire transactions and penny stock transactions as they occurred on a day-to-day basis, which failed to reveal red flags or suspicious trading patterns. Although the firm's clearing firm notified it about high-risk transactions, the firm failed to record whether or how it engaged in any follow-up activity after it was notified, and did not have a system in place that directed compliance personnel how to respond to such notifications. The complaint further alleges that the firm and Carris failed to adequately supervise the activities of registered representatives, registered principals, and other associated persons in a manner reasonably designed to achieve compliance and to prevent and detect the misconduct by the respondents alleged in this complaint. In addition, the complaint alleges that Carris caused the firm to operate a securities business with a deficient net capital. Carris also caused the firm to fail to remit to the United States Treasury hundreds of thousands of dollars in employee payroll taxes after representing to employees that those funds had been withheld from their paychecks for payroll tax payments. The firm still owed \$536,930 in unpaid payroll taxes as of the end of 2012. As a result of their conduct, the firm, Carris and Barter willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. The firm also willfully violated Sections 15 and 17 of the Securities Exchange Act of 1934 and Rules 15c-3 and 17a-3 thereunder, FINRA Rule 4511 and NASD Rule 3110. ([FINRA Case #2011028647101](#))

Jeremy Gerald Tintle (CRD #2817173, Registered Representative, Atlanta, Georgia) was named a respondent in a FINRA complaint alleging that he participated in a private securities transaction outside the scope of his association with his member firm, without providing the firm with prior written notice of the proposed transaction, his proposed role in it or the selling compensation he might receive from the transaction. The complaint alleges that the firm never approved the limited partnership for sale through the firm. On the firm's annual compliance questionnaire Tintle submitted, he falsely represented that he had not participated in private securities transactions away from the firm without the firm's prior approval. The complaint also alleges that Tintle recommended an investment in the entity to a customer without reasonable grounds to believe that the recommendation was suitable, as its speculative and illiquid nature was inconsistent with the customer's other security holdings, financial situation and needs. The customer invested \$1 million in the entity, which constituted more than 70 percent of her liquid net worth, resulting in an unsuitable concentration of the customer's liquid assets. The customer's unsuitable concentrated position in the entity exposed her to a risk of loss that exceeded her risk tolerance and investment objectives. The customer suffered a loss of approximately \$153,396 on her investment in the entity. The complaint further alleges that at various times, while with separate member firms, Tintle misused and converted customers' funds by inducing the customers to withdraw funds from their brokerage accounts and wire the funds to third-parties. The funds were not applied to the purchase of securities as the customers had intended, but were retained by the transferees. ([FINRA Case #2010024623501](#))

Robert Durant Tucker (CRD #1725356, Registered Representative, New York, New York) was named a respondent in a FINRA complaint alleging that he received \$33,400 from one of his member firm customers for a purported investment associated with a celebrity chef and entrepreneur. The complaint alleges that in connection with the sale of this security, Tucker intentionally omitted to disclose material information and intentionally misrepresented the nature of the investment. The complaint also alleges that Tucker caused the customer's \$33,400 to be deposited in the checking account of a pizzeria in which he had an ownership interest and was under Tucker's control. To execute the investment, Tucker caused a document to be typed containing wire instructions that authorized his firm's clearing firm to transfer \$33,400 from the customer's brokerage account to the pizzeria's bank account, but the document did not include any reference to the pizzeria as the owner of the receiving account. Tucker's firm's clearing firm did not execute these instructions because it would not execute third-party wires. The complaint further alleges that Tucker instructed the customer to revise the wire instructions to have his firm's clearing firm transfer \$33,400 from the customer's firm brokerage account to the customer's personal bank account. Tucker emailed the customer's revised wire instructions to the firm's clearing firm for execution. The firm's clearing firm executed the revised instructions and the customer authorized his bank to wire \$33,400 from his account to the pizzeria's account, identifying the pizzeria as the beneficiary name. Tucker verbally misrepresented to the customer that the pizzeria was the name of the account for the investment the celebrity chef sponsored.

In addition, the complaint alleges that Tucker withdrew \$27,000 from the pizzeria bank account to pay back rent owed to the pizzeria's landlord, and made additional withdrawals from, and debit purchases against, the account for his benefit and the benefit of the pizzeria. Moreover, the complaint alleges that Tucker converted the customer's funds by intentionally using funds that did not belong to him for personal and business purposes, without the customer's authorization or consent, and improperly used the customer's funds by using them for business and personal purposes without the customer's authorization. Tucker has not returned any of the \$33,400 to the customer despite the customer's demand for the return of his money, and the customer has not received any interest payments from his \$33,400 investment to date. Furthermore, the complaint alleges that Tucker participated in the private securities transaction from which he received selling compensation away from his firm. Tucker did not provide written notice to, or obtain approval from, his firm before participating in the customer's \$33,400 investment. ([FINRA Case #2012034923001](#))

Christopher Shawn Vaughn (CRD #4956822, Registered Representative, Leesburg, Florida) was named a respondent in a FINRA complaint alleging that he engaged in a scheme to convert securities an elderly customer owned. Without the customer's knowledge or consent, Vaughn made his wife the primary beneficiary of the customer's brokerage account. When the account was opened, Vaughn did not inform his immediate supervisor, or any other supervisor at his member firm, that his wife was the beneficiary. As part of his efforts to hide his misconduct, Vaughn provided a false mailing address for the customer on her application, which was for a post office box belonging to his wife's grandfather, preventing the firm from delivering monthly account statements and trading confirmations to the customer at her actual residential address. By doing so, Vaughn caused his firm's books and records to be inaccurate. The complaint alleges that after opening her account, Vaughn recommended and sold the customer a fixed annuity contract for \$10,000. The customer informed Vaughn that she wanted her neighbor to be named as the annuity's beneficiary. In direct contravention of the customer's instructions, Vaughn falsely recorded in the firm's electronic system that his wife was the annuity's primary and sole beneficiary. The complaint also alleges that in connection with the annuity, Vaughn provided the same incorrect mailing address for the customer in the firm's system, thereby preventing the firm or the company that issued the annuity from delivering information concerning the customer's annuity to her actual residential address. After receiving an email communication from the company that issued the annuity inquiring about the accuracy of the customer's mailing address, Vaughn falsely represented to the company that the customer's address was correct, and that the customer had informed him that she had experienced delivery issues with the post office. In addition, the complaint alleges that the customer received a packet of documents concerning her annuity, from which she learned for the first time that Vaughn's wife was named as the beneficiary of the annuity. The customer did not know who Vaughn's wife was. After being contacted by the customer's neighbor questioning the inaccurate address and why his wife was named as

the beneficiary, and indicating that the customer wanted her \$10,000 investment returned, Vaughn told the customer and her neighbor that he had mistakenly identified his wife as the beneficiary of the annuity because a member of his wife's family purchased a \$10,000 annuity at the same time and named his wife as the beneficiary. At her request, the customer's annuity contract was cancelled and the \$10,000 was refunded to her.

Moreover, the complaint alleges that after the customer's neighbor informed Vaughn of the customer's death, he informed the neighbor that the customer contacted him to remove the neighbor as the beneficiary. Vaughn promised to provide the neighbor with documentation to that effect, but he never did. Following the customer's death, Vaughn opened a brokerage account in his wife's name for the express purpose of receiving the assets from the customer's account. Vaughn's wife then presented to his firm a death certificate that Vaughn obtained from the neighbor, and successfully caused the assets held in the customer's account to be transferred to his wife's brokerage account. The customer's account held mutual funds worth a combined \$22,417.58. Furthermore, the complaint alleges that after learning that the customer's assets had been transferred to Vaughn's wife's account, the neighbor and the customer's attorney asked the firm to conduct an investigation into Vaughn's conduct with respect to the customer's account. The firm did not find any documentation evidencing the customer requested Vaughn's wife to be named as a beneficiary on either the account or annuity. The firm terminated Vaughn's employment in connection with this matter. Vaughn and his wife executed a Mutual Release and Settlement Agreement with the firm, agreeing to transfer the assets held in the wife's account back to the customer's account or an account maintained in the name of the customer's estate. Vaughn's conduct resulted in the conversion of \$22,417.58 in assets from the customer. ([FINRA Case #2011028581201](#))

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

1792 Securities, LLC (CRD #146048)
Greenville, South Carolina
(June 19, 2013)

Trinity Distributors LLC (CRD #104084)
Mequon, Wisconsin
(June 19, 2013)

Westor Capital Group, Inc. (CRD #103823)
Herkimer, New York
(June 19, 2013)

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.)

1792 Securities, LLC (CRD #146048)
Greenville, South Carolina
(June 3, 2013)

1st Bridgehouse Securities, LLC (CRD #44655)
Miami, Florida
(June 3, 2013 – June 3, 2013)

Aletheia Securities, Inc. (CRD #44784)
Santa Monica, California
(June 3, 2013)

HLM Securities, Inc. (CRD #133216)
Chicago, Illinois
(June 3, 2013)

Melvin Securities, L.L.C. (CRD #29767)
Chicago, Illinois
(April 9, 2013 – June 7, 2013)

Trinity Distributors LLC (CRD #104084)
Mequon, Wisconsin
(June 3, 2013)

Ward's Financial Services, Ltd. (CRD #13259)
Homer Glen, Illinois
(June 3, 2013 – June 13, 2013)

Westor Capital Group, Inc. (CRD #103823)
Herkimer, New York
(June 3, 2013)

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

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

1792 Securities, LLC (CRD #146048)
Greenville, South Carolina
(April 1, 2013 – June 11, 2013)
FINRA Case #2013035813301

Firm Suspended for Failure to Pay Outstanding 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.)

Aletheia Securities, Inc. (CRD #44784)
Santa Monica, California
(June 4, 2013)

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

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

Francis Gebbia (CRD #826078)
Fly Creek, New York
(June 4, 2013)
FINRA Case #2012034518001

Gregg Charles Lorenzo (CRD #4525167)
Staten Island, New York
(June 18, 2013)
FINRA Case #2011030186901/FPI130001

Derek Thomas McCoy (CRD #4064387)
Coram, New York
(June 11, 2013)
FINRA Case #2012034375601

Mohsin Rashid (CRD #3039015)
Fairfax, Virginia
(June 4, 2013)
FINRA Case #2012034446701

Jehanzeb Sarwar (CRD #5746692)
New York, New York
(June 7, 2013)
FINRA Case #2012031197901

Robert Michael Schwarz Jr. (CRD #3249923)
Brooklyn, New York
(June 4, 2013)
FINRA Case #2012034214301

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

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

Nicholas P. Bentivegna (CRD #4636923)
Farmingdale, New York
(June 20, 2013)
FINRA Case #2011027282201

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.)

Scott Akashi (CRD #5690198)
Honolulu, Hawaii
(June 13, 2013)
FINRA Case #2012035315801

Armando R. Aleman (CRD #5510223)
Weslaco, Texas
(June 24, 2013)
FINRA Case #2012034621301

David Steven Anderson (CRD #4933936)
Mound, Minnesota
(June 24, 2013)
FINRA Case #2012034507601

Jeffrey Lee Anderson (CRD #2285320)
Naples, Florida
(June 14, 2013)
FINRA Case #2013035743301

Angel Manuel Aviles (CRD #4943291)
Orlando, Florida
(June 10, 2013)
FINRA Case #2013035905101

Frank J. Baker (CRD #3214470)

Surprise, Arizona
(June 17, 2013)
FINRA Case #2012034649701

Thomas J. Bilotti (CRD #5987420)

Boynton Beach, Florida
(June 17, 2013)
FINRA Case #2012033441001

Jonathan Lee Burkhart (CRD #5643931)

Glen Allen, Virginia
(June 27, 2013)
FINRA Case #2013035686401

Armen Carapetian (CRD #1092359)

Glendale, California
(June 17, 2013)
FINRA Case #2012034369301

David Craig Dameron (CRD #1723224)

Simpsonville, South Carolina
(April 1, 2013 – June 11, 2013)
FINRA Case #2013035813301

Andre Leon Davis Jr. (CRD #5633997)

Bowie, Maryland
(June 10, 2013)
FINRA Case #2012031489001

Aaron James Dove (CRD #4185236)

Aurora, Ohio
(June 24, 2013)
FINRA Case #2013035803401

Ahmad Sufian Elashqar (CRD #5144209)

San Antonio, Texas
(June 17, 2013)
FINRA Case #2012033661101

Anthony John Fisher (CRD #2428633)

Boca Raton, Florida
(June 17, 2013)
FINRA Case #2012031392401

Robert Gomez (CRD #5501082)

North Bergen, New Jersey
(June 13, 2013)
FINRA Case #2013035572401

John M. Grammatico II (CRD #5081102)

Macomb Township, Michigan
(June 10, 2013)
FINRA Case #2012033993401

James Grover Green III (CRD #1008642)

Wallingford, Connecticut
(June 13, 2013)
FINRA Case #2012034451601

Brenan Joe Hall (CRD #4262046)

Louisville, Kentucky
(June 17, 2013)
FINRA Case #2012033869801

Darwin Hayle (CRD #4952487)

Margate, Florida
(June 14, 2013)
FINRA Case #2013036074301

Zhan He (CRD #2379384)

Glen Cove, New York
(June 13, 2013)
FINRA Case #2012034474901

Robert Leland Johnson IV (CRD #4159549)

Chino, California
(June 13, 2013)
FINRA Case #2012034667301

Adam Chadwick Ketcham (CRD #4703288)

Ft. Wright, Kentucky
(June 13, 2013)
FINRA Case #2012034912801

Ray D. Kincannon (CRD #5451767)

Plano, Texas
(June 27, 2013)
FINRA Case #2013036043301

Derl Harry Knarr (CRD #1044421)

Herndon, Pennsylvania
(June 13, 2013)
FINRA Case #2013035801401

Albert Edward Laughlin III (CRD #4365578)

Memphis, Tennessee
(June 17, 2013)
FINRA Case #2012032647001

James Adam McGregor Sr. (CRD #2888071)

Jacksonville, Florida
(June 14, 2013)
FINRA Case #2013035800101

Kathy L. Mertz (CRD #2718675)

St. Marys, Pennsylvania
(June 14, 2013)
FINRA Case #2013035528701

Alberto Moran (CRD #6081535)

Barry, Texas
(June 28, 2013)
FINRA Case #2013036210801

Damian Perna (CRD #5666396)

Oceanside, New York
(June 7, 2013)
FINRA Case #2013036104901

James William Pickens III (CRD #5228650)

Fairborn, Ohio
(June 17, 2013)
FINRA Case #2012034616101

Waldyr Silva Prado (CRD #3170209)

Miami Beach, Florida
(June 10, 2013)
FINRA Case #2013035838001

Duane Matthew Robinson (CRD #5335918)

York, South Carolina
(June 14, 2013)
FINRA Case #2013036090401

Michael Christian Rogers (CRD #4301120)

Austin, Texas
(June 17, 2013)
FINRA Case #2012033799901

Jose A. Salas (CRD #6132412)

Lawrence, Massachusetts
(June 13, 2013)
FINRA Case #2012034959501

Cecilia Marie DiCaprio Schiffer (CRD #2187044)

Orlando, Florida
(June 17, 2013)
FINRA Case #2011027666901

Ryan David Stauffacher (CRD #5669937)

Moline, Illinois
(June 13, 2013)
FINRA Case #2012035373701

Mark Steven Steckler (CRD #2652674)

New Hartford, New York
(June 10, 2013)
FINRA Case #2012034721701

Thomas John Susan Jr. (CRD #2488808)

Santa Paula, California
(June 13, 2013)
FINRA Case #2012034839701

John E. Tatman Jr. (CRD #4358671)

Mason, Ohio
(June 10, 2013)
FINRA Case #2012033497601

Trelicia Thomas (CRD #6092608)

Lake Forest, Illinois
(June 13, 2013)
FINRA Case #2012034560901

Rhonda Kay Vincent (CRD #5437772)

Hillsboro, Missouri
(June 14, 2013)
FINRA Case #2013035418501

Robert Douglas Wickard (CRD #2552722)
Canonsburg, Pennsylvania
(June 13, 2013)
FINRA Case #2012035283201

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

Albert Clark Alvey (CRD #3088610)
Bountiful, Utah
(June 18, 2013)
FINRA Arbitration Case #11-03792

Matthew John Buck (CRD #4742738)
Grafton, Wisconsin
(June 25, 2013)
FINRA Arbitration Case #12-02566

Thomas Dominick Gillons (CRD #2284713)
Napa, California
(June 19, 2013)
FINRA Case #20130365435/
ARB130022/12-02656

Kevin Dee Kunz (CRD #1274540)
Fruit Heights, Utah
(June 18, 2013)
FINRA Arbitration Case #11-03792

Heidi Koepenick McMillian (CRD #3091993)
Frederick, Maryland
(June 25, 2013)
FINRA Arbitration Case #12-01458

Saul M. Montes-Bradley (CRD #4191650)
Hollywood, Florida
(March 21, 2013 – June 24, 2013)
FINRA Arbitration Case #12-01543

Donald Francis Novell (CRD #349639)
West Palm Beach, Florida
(June 25, 2013)
FINRA Arbitration Case #11-03827

Ronny W. Powell (CRD #4816011)
Muscle Shoals, Alabama
(June 6, 2013)
FINRA Arbitration Case #11-03906

James Andrew Rathgeber (CRD #1658229)
Melville, New York
(December 19, 2011 – June 10, 2013)
FINRA Arbitration Case #10-04805

Morris Clinton Weisner (CRD #1293948)
Durham, North Carolina
(June 18, 2013)
FINRA Arbitration Case #11-04113

Stephen Wittels (CRD #2482677)
Santa Monica, California
(September 17, 2012 – June 17, 2013)
FINRA Arbitration Case #11-03533

FINRA Orders Wells Fargo and Banc of America to Reimburse Customers More Than \$3 Million for Unsuitable Sales of Floating-Rate Bank Loan Funds

FINRA Also Fines Wells Fargo \$1.25 Million and Banc of America \$900,000

The Financial Industry Regulatory Authority (FINRA) announced that it has fined two firms a total of \$2.15 million and ordered the firms to pay more than \$3 million in restitution to customers for losses incurred from unsuitable sales of floating-rate bank loan funds. FINRA ordered [Wells Fargo Advisors, LLC](#), as successor for Wells Fargo Investments, LLC, to pay a fine of \$1.25 million and to reimburse approximately \$2 million in losses to 239 customers. FINRA ordered [Merrill Lynch, Pierce, Fenner & Smith Incorporated](#), as successor for Banc of America Investment Services, Inc., to pay a fine of \$900,000 and to reimburse approximately \$1.1 million in losses to 214 customers.

Floating-rate bank loan funds are mutual funds that generally invest in a portfolio of secured senior loans made to entities whose credit quality is rated below investment-grade. The funds are subject to significant credit risks and can also be illiquid.

FINRA found that Wells Fargo and Banc of America brokers recommended concentrated purchases of floating-rate bank loan funds to customers whose risk tolerance, investment objectives, and financial conditions were inconsistent with the risks and features of floating-rate loan funds. The customers were seeking to preserve principal, or had conservative risk tolerances, and brokers made recommendations to purchase floating-rate loan funds without having reasonable grounds to believe that the purchases were suitable for the customers. FINRA also found that the firms failed to train their sales forces regarding the unique risks and characteristics of the funds, and failed to reasonably supervise the sales of floating-rate bank loan funds.

Brad Bennett, FINRA's Vice President and Chief of Enforcement, said, "As investors continue to look for yield in a low-interest-rate environment, these actions should serve as a reminder that brokers and their firms need to ensure that investment recommendations are consistent with customers' investment objectives and risk tolerances. Wells Fargo and Banc of America allowed their brokers to sell floating-rate bank loan funds to investors for whom the positions were unsuitable, resulting in significant losses to many customers."

In concluding the settlement, Wells Fargo and Banc of America neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines StateTrust Investments \$1 Million and Orders \$353,000 in Restitution for Charging Unfair Prices in Bond Transactions

Head Trader and Chief Compliance Officer Fined and Suspended

The Financial Industry Regulatory Authority (FINRA) announced that it has fined StateTrust Investments, Inc. \$1.045 million and sanctioned the firm's head trader, Jose Luis Turnes, for charging excessive markups and markdowns in corporate bond transactions and, 85, in particular, that operated as a fraud or deceit upon the customers. FINRA also ordered StateTrust to pay more than \$353,000 in restitution, plus interest, to customers who received unfair prices. In addition, Turnes was suspended for six months and fined \$75,000. In a related April 2012 action, Jeffrey Cimbal, StateTrust's Chief Compliance Officer, was fined \$20,000 and suspended for five months in a principal capacity for failing to supervise Turnes.

FINRA found that StateTrust charged excessive markups/markdowns to customers in a total of 563 transactions. In 227 instances, the markups or markdowns exceeded 5 percent. In 85 of those instances, StateTrust, acting through Turnes, charged excessive markups and markdowns, ranging from 8 percent to over 23 percent away from the prevailing market price, which operated as a fraud or deceit upon the customers. In each of the 85 instances, StateTrust either bought bonds from its bank or insurance affiliate and then sold the bonds to customers at a price that was 8 percent or more away from the prevailing market; or bought bonds from customers at prices that were 8 percent or more below the prevailing market, and then sold them to its bank or insurance affiliate at a slight markup. During that period, Turnes was also the chairman and largest indirect shareholder of the bank and its insurance affiliates.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "FINRA will continue to aggressively pursue firms and individuals who charge customers excessive markups and markdowns. StateTrust charged customers unfair prices in corporate fixed income transactions, and the firm and the Chief Compliance Officer failed to properly supervise its head trader, who priced these transactions."

In concluding [the settlements](#), StateTrust, Turnes and Cimbal neither admitted nor denied the charges, but consented to the entry of FINRA's findings. FINRA's investigations were conducted by the Departments of Market Regulation, Member Regulation and Enforcement.

Turnes' suspension is in effect from July 15, 2013, through January 14, 2014. Cimbal's suspension was in effect from May 21, 2012, through October 20, 2012.