

Disciplinary and Other FINRA Actions

Firm Fined, Individuals Sanctioned

Gates Capital Corporation ([CRD® #29582](#), New York, New York), James Douglas Casey III ([CRD #500062](#), Greenwich, Connecticut), John Charles Fitzgerald ([CRD #1529631](#), Lake Arrow Head, California) and Youngwhi Kim ([CRD #1394474](#), Hartsdale, New York)

May 4, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$125,000 and required to retain an independent consultant to conduct a comprehensive review of the adequacy of its policies, systems and procedures related to the findings of rule violations described in the AWC. Casey was fined \$5,000 and suspended from association with any FINRA® member in any principal capacity for six months. Fitzgerald was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 18 months. Kim was fined \$5,000 and suspended from association with any FINRA member in any principal capacity, with the exception of any activities requiring a Series 27 license, for four months. Without admitting or denying the findings, the firm, Casey, Fitzgerald and Kim consented to the sanctions and to the entry of findings that the firm failed to make timely Municipal Securities Rulemaking Board (MSRB) Rule G-17 letter disclosures of its role as underwriter in connection with certain municipal bond transactions. The findings stated that in one such transaction, Fitzgerald switched roles from financial advisor to underwriter, and both the firm and Fitzgerald’s immediate supervisor, Casey, failed to reasonably supervise him. As a result, Fitzgerald willfully violated MSRB Rule G-23. The findings also stated that Fitzgerald conducted his securities activities using an outside email account that was neither reviewed nor retained by the firm, a practice that was known to Casey. Kim, who was responsible for the firm’s books and records and for reviewing Fitzgerald’s emails, also knew about the practice. As a consequence, Fitzgerald’s business-related email communications for the email review period were neither reviewed nor retained by the firm. As a result, Fitzgerald willfully violated MSRB Rule G-17. The findings also included that the firm and Kim did not maintain and preserve records relating to Fitzgerald’s business expenses incurred in connection with his municipal securities activities, including expenses related to entertainment or other gratuities provided to employees or agents of municipal issuers. FINRA found that Fitzgerald allowed an unregistered family member to work on municipal securities transactions without supervision by any firm principal—a situation known to Casey—and without the firm determining whether the family member was an associated person of the firm or needed to be registered with the firm. FINRA also found that the firm facilitated at least 21 cross trades that suggested another broker-dealer might be engaged in interpositioning.

Reported for July 2018

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

The firm's then-current written supervisory procedures (WSPs) required principal review for such issues but did not reasonably state how the principal should conduct such reviews, and the firm failed to reasonably review these cross trades. In addition, the firm's WSPs were deficient because they failed to adequately set forth the steps to be taken by the firm in conducting fair pricing reviews for municipal securities.

Casey's suspension is in effect from June 4, 2018, through December 3, 2018. Fitzgerald's suspension is in effect from May 7, 2018, through November 6, 2019. Kim's suspension is in effect from June 4, 2018, through October 3, 2018. ([FINRA Case #2016050811301](#))

Firms Fined

Deutsche Bank Securities Inc. ([CRD #2525](#), New York, New York)

May 1, 2018 – An AWC was issued in which the firm was censured, fined a total of \$475,000, of which \$100,000 is payable to FINRA, and required to revise its WSPs and correct its systems issue. The remaining balance shall be paid to other self-regulatory organizations in related disciplinary matters. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to simultaneously send intermarket sweep orders (ISOs) to execute against the full displayed size of certain protected quotations, which led to trade-throughs of such protected quotations. The findings stated that the firm attributed this to various flaws and deficiencies in its systems. The firm's trading center failed to establish, maintain and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in the National Market System (NMS) stocks that did not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The findings also stated that the firm's time stamps reported that ISOs had been routed two to six seconds after the trades were executed. These time stamping inaccuracies occurred because they were not being properly recorded for ISO sweep orders. The findings also included that the firm recorded an incorrect trade modifier, and thus failed to report that transactions were trade-through exempt. Additionally, FINRA found that the firm failed to publicly disseminate its best bids, best offers and quotation sizes with respect to certain NMS securities, for which the firm acted in the capacity of an over-the-counter (OTC) market maker and accounted for more than one percent of the trading volume during the most recent quarter. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Securities and Exchange Commission (SEC) Rules 602 and 611(a). ([FINRA Case #2013037993801](#))

Laidlaw & Company (UK) Ltd. ([CRD #119037](#), London, England)

May 1, 2018 – An AWC was issued in which the firm was censured, fined \$25,000 and required to provide a written certification to FINRA that its systems, policies and procedures, with respect to each of the areas and activities cited in the AWC, are reasonably

designed to achieve compliance with applicable securities laws, regulations and rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and WSPs reasonably designed to ensure that representatives' recommendations of leveraged and inverse exchange traded funds (non-traditional ETFs) complied with applicable securities laws and NASD and FINRA rules. The findings stated that the firm did not have a supervisory system reasonably designed to enable the firm's supervisory personnel to review non-traditional ETF transactions. The firm's WSPs did not require supervisors to review open positions in non-traditional ETFs held for extended periods of time, or resulting in unrealized losses and did not impose product-specific limitations on firm representatives' ability to recommend trading in or holding non-traditional ETFs. Additionally, prior to July 2015, the firm relied on supervisors to conduct a manual blotter review to detect potentially unsuitable non-traditional ETF transactions. Beginning in July 2015, the firm began using an exception report showing transactions in all ETFs, including non-traditional ETFs. This exception report did not show holding periods for non-traditional ETFs. ([FINRA Case #2015043362701](#))

Cambridge Investment Research, Inc. ([CRD #39543](#), Fairfield, Iowa)

May 3, 2018 – An AWC was issued in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a reasonably-designed supervisory system and procedures regarding redemptions of variable annuities and leveraged, inverse and inverse-leveraged ETFs (non-traditional ETFs). The findings stated that on approximately 100 occasions, the firm's customers redeemed variable annuities and transferred the proceeds to an advisory account. The firm's associated persons were involved with and recommended some of those transactions. The firm did not systematically supervise or record those redemptions or have written procedures for doing so, nor did the firm ascertain which of those transactions were recommended by the firm's associated persons and were thus subject to FINRA's suitability requirements. The firm's supervisory system and WSPs were not reasonably designed to comply with applicable supervision and recordkeeping requirements with respect to redemptions of variable annuities, and the firm did not record those transactions. The findings also stated that 84 firm registered representatives traded non-traditional ETFs in retail customer accounts. These registered representatives executed 4,773 transactions totaling approximately \$127 million. The firm established WSPs for non-traditional ETFs that required registered representatives who wanted to trade non-traditional ETFs to complete a 45-minute training session and sign a "Leveraged/Inverse ETF Rep/Advisor Attestation Form." The attestation form required representatives to make several representations before executing a non-traditional ETF transaction. The firm failed to enforce its WSPs regarding non-traditional ETFs in several respects. First, the firm allowed representatives to execute non-traditional ETF trades before signing the attestation form. All 84 representatives who executed non-traditional ETF transactions executed at least one such transaction before signing the

attestation form. Second, the firm allowed customers to purchase non-traditional ETFs before submitting the required disclosure form. The findings also included that the firm did not establish an adequate supervisory system to effectively monitor holding periods for non-traditional ETFs. The firm's procedures required the compliance department to review customer accounts that held non-traditional ETF positions and identify any accounts that were holding these positions for more than 10 days and, if necessary, follow up with the responsible registered representative. The firm, however, failed to enforce these procedures. The firm's failure to adequately monitor customers' non-traditional holding periods resulted in customers holding non-traditional ETF positions for lengthy periods of time. There were numerous non-traditional ETF positions that were sold by the firm's customers that were held for longer than seven days. ([FINRA Case #2016048934301](#))

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

May 9, 2018 – An AWC was issued in which the firm was censured, fined a total of \$400,000, of which \$250,000 is payable to FINRA, and required to address its Large Options Positions Reporting (LOPR) system deficiencies and ensure that it had implemented controls and procedures that were reasonably designed to achieve compliance with the applicable rules and regulations. The balance of the sanction will be paid to other self-regulatory organizations in related disciplinary matters. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected opening transactions for customers' accounts that exceeded the applicable position limits for nine OTC positions in five securities. The findings stated that while the firm submitted to FINRA a written request to increase the position limits for the referenced positions, it failed to do so within the required time. The firm reported positions to the LOPR with truncated street addresses, or truncated street addresses and missing tax identification numbers, in approximately 2.4 million instances. Because the firm reported all of these positions to the LOPR and these inaccuracies did not alter the position data, the accounts were able to be identified for surveillance purposes. The firm also under-reported OTC options positions in 310,278 instances, and failed to report, and failed to accurately report, options positions to the LOPR in 257,312 instances due to a failure to aggregate positions for acting in concert purposes in certain non-U.S. and hedge fund accounts. The firm failed to report OTC options positions to the LOPR for 13 positions in 184 instances involving rejected records that were not resubmitted to the LOPR. The firm further failed to report to the LOPR a customer's long position for 684 positions in 164,414 instances. The firm over-reported intraday positions to the LOPR in two symbols in an unknown number of instances involving customers' accounts due to an internal system error at the firm, which mistakenly multiplied certain positions by 100, and also over-reported positions to the LOPR in 24 symbols for an unknown number of instances. The findings also stated that the firm failed to establish and maintain an adequate supervisory system, including a system of follow-up and review that was reasonably designed to achieve compliance with the rules governing the reporting of options positions to the LOPR system. In addition, the firm's supervisory system did not include sufficient WSPs to ensure the proper reporting of positions to the LOPR. The firm's

procedures, including its WSPs, failed to adequately establish a review to ensure that accounts acting in concert would be accurately reported. While the firm's review verified that accounts already identified as acting in concert were being reported as such, there was no initial review to ensure that in-concert accounts were properly identified. ([FINRA Case #2013036472001](#))

Cowen Execution Services LLC ([CRD #35693](#), New York, New York)

May 17, 2018 – An AWC was issued in which the firm was censured, fined \$40,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it made available a report on the covered orders in NMS securities that it received for execution from any person that included incorrect information. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and/or FINRA and SEC rules. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs concerning order handling, trade reporting, sale transactions and other rules. The findings also stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs in the following subject areas: sale transactions and other rules. ([FINRA Case #2014039942003](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York)

May 21, 2018 – An AWC was issued in which the firm was censured, fined \$550,000 and required to address the deficient supervisory system and WSPs relating to the accuracy of customer trade confirmations described in the AWC, and to ensure that it has implemented controls and procedures that are reasonably designed to achieve compliance with the rules and regulations cited in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a reasonable system to review for the accuracy of the content in the firm's customer trade confirmations. The findings stated that the firm's WSPs were not reasonably designed to achieve compliance with applicable federal securities laws and regulations, and with applicable NASD and FINRA rules, concerning the issuance of accurate trade confirmations. The firm's supervisory deficiencies, and failure to implement an adequate supervisory framework around its customer trade confirmation accuracy obligations, caused the firm to fail to detect a number of systemic deficiencies that occurred, which resulted in the firm issuing millions of inaccurate trade confirmations to its institutional customers. Due to supervisory deficiencies that occurred during the more than 11-year review period, the firm issued approximately 12.5 million customer trade confirmations to its institutional customers with inaccurate information, approximately 9.3 million of which contained errors regarding the firm's capacity in executing trades, and approximately 3.2 million of which incorrectly identified single execution trades as average price trades. Given the length of time over which the firm provided inaccurate information to its institutional customers, the firm's supervisory misconduct potentially prevented

these customers from being able to accurately verify the capacity in which the firm acted, or whether the firm executed a single transaction or an average-priced transaction, for millions of transactions. The findings also stated that while the firm had various WSPs in place pertaining to confirmations and referencing Rule 10b-10 of the Securities Exchange Act of 1934 (Exchange Act), these procedures failed to describe an adequate and reasonable review to ensure the accuracy of the content in the firm's customer trade confirmations. Instead, the procedures discussed only whether the firm physically or electronically delivered trade confirmations to customers. In addition, while the firm implemented additional relevant reviews during the review period, these reviews continued to evidence a failure to conduct adequate and reasonable supervisory previews of the contents of its institutional customers' trade confirmations. For example, the firm implemented a monthly sampling review for the accuracy of trade confirmations in September 2015. However, that review was deficient in that the firm failed to establish and maintain WSPs that set forth a method of supervisory oversight to ensure that the review was properly conducted. Moreover, the systemic supervisory deficiencies that resulted in the violations of Exchange Act Rule 10b-10(a)(2) were corrected between August 2015 through September 2017, and one of the systemic supervisory deficiencies that resulted in the violations of Exchange Act Rule 10b-10(a)(1) was corrected in September of 2017. Additionally, in May 2016, the firm completed a portion of an "end-to-end" project to track capacity "values" on customer trade confirmations. The firm completed the "end-to-end" project in August of 2017. ([FINRA Case #2014039653701](#))

Integrated Trading and Investments, Inc. ([CRD #47730](#), Huntington Beach, California)
May 21, 2018 – An AWC was issued in which the firm was censured and fined \$5,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain and preserve certain business-related emails in a non-erasable, non-rewritable format, also known as WORM (write once, read many) format. The findings stated that the firm allowed its registered representatives to use personal email accounts to conduct their securities business and preserved business-related emails using electronic storage media (ESM). Until July 2013, the firm's representatives were required to forward their business-related emails from their personal email accounts to the personal email address of the firm's President/Chief Compliance Officer (CCO) for storage. These emails, along with any other business-related emails sent from or received by the CCO's personal email address were not stored in WORM format. Beginning in July 2013, the firm's representatives were required to forward business-related emails conducted in their personal email accounts to firm email addresses for storage. The firm's representatives did not always follow this requirement. As a result, certain of their business-related emails were not maintained and preserved in WORM format. The findings also stated that the firm did not use an automated system for the review and preservation of all business-related emails. Instead, it relied on an "honor system" for registered representatives to manually forward business related

emails, including those with customers, from their personal email accounts to the firm's CCO (until July 2013) and to business email addresses assigned by the firm (beginning in July 2013). As a result, the firm's compliance with its review and preservation obligations depended on its representatives' compliance with this requirement. The firm, however, had no supervisory system or procedures to ensure that its representatives complied with this requirement. The findings also included that because of this deficiency in the firm's system, business-related emails sent from or received by the personal email accounts of the firm's representatives that were not forwarded escaped supervisory review. For example, business-related emails using personal email accounts were not forwarded by three registered representatives between April 2012 and July 2013, and by another representative between August 2013 and January 2014. The firm was unable to evidence any review of these emails. FINRA found that between January 2012 and July 2013, the firm did not require the review by another registered principal of emails sent or received by the firm's CCO, and did not otherwise establish a reasonable system for the review of his emails. As a result, the CCO's emails were not reviewed by another registered principal. FINRA also found that the firm failed to implement and maintain a reasonably designed system, including written supervisory procedures, for the maintenance and preservation of all business-related emails in WORM format. Based on the foregoing, the firm failed to establish, maintain and enforce a reasonable supervisory system and written supervisory procedures regarding the review and preservation of registered representatives' business-related emails and failed to review certain business-related emails. ([FINRA Case #2016047872901](#))

Lek Securities Corporation ([CRD #33135](#), New York, New York)

May 21, 2018 – An AWC was issued in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report short interest positions in foreign-listed securities because the firm was unaware that short interest positions in foreign-listed securities were reportable. The findings stated that the firm corrected the reporting of such positions and updated its WSPs to address the required reporting of foreign-listed securities. ([FINRA Case #2015044892901](#))

Clearpool Execution Services, LLC ([CRD #168490](#), New York, New York)

May 22, 2018 – An AWC was issued in which the firm was censured, fined \$60,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately report the capacity in which it acted (and mishandled its reporting of the contra party's capacity) in connection with non-media reports of transactions to the FINRA/NYSE Trade Reporting Facility® (FINRA/NYSE TRF®). The findings stated that the misreporting resulted from the firm's failure to implement certain coding changes to its trading systems in response to certain technical changes associated with reporting to the TRF. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed

to achieve compliance with respect to certain applicable securities laws and regulations, and/or the FINRA rules. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs concerning trade reporting to the FINRA/NYSE TRF. In particular, the firm lacked WSPs specific to accurate trade reporting to the FINRA/NYSE TRF, or more generally. Although there was a precipitous drop in the firm's riskless capacity reporting, the firm's lack of WSPs specific to accurate trade reporting regarding capacity impeded the firm's ability to identify the miscapacity reporting issue. ([FINRA Case #2016050054901](#))

EFG Capital International Corp. ([CRD #40118](#), Miami, Florida)

May 22, 2018 – An AWC was issued in which the firm was censured, fined \$800,000 and required to adopt and implement supervisory systems and written procedures reasonably designed to achieve compliance with the requirements of FINRA Rule 3110. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement an adequate supervisory system, including WSPs, or anti-money laundering (AML) program related to two material areas of its international business model. The findings stated that the firm did not adequately assess, supervise or mitigate the business risks associated with its payment of transaction-based compensation to non-registered individuals or entities, and potentially suspicious outgoing wire transfer activity occurring in accounts of dual customers of the firm and its Swiss bank affiliate. The findings also stated that as part of its international business model, the firm entered into transaction referral agreements under which a foreign individual or entity, called a “foreign introducer,” referred specific transactions to the firm in exchange for a percentage of the firm's mark-up or commission on the referred transactions. However, the firm's supervisory system was unreasonable because it failed to assess whether it had sufficient information about the foreign introducer, or its ability to legally satisfy its obligations under an agreement, to conclude that the firm's payment of transaction-based compensation to the foreign introducer was permissible under U.S. law. In addition, the firm failed to follow its own WSPs regarding the referral agreement. Importantly, the firm failed to identify several red flags related to the ownership of the foreign introducer and failed to follow-up on red flags regarding the unexpectedly large number and size of the referred transactions. The findings also included that the firm's AML system and procedures did not identify whether the foreign introducers with which it did business were high-risk entities or engaged in high-risk activities, and did not adequately review the foreign introducer's referred transactions or wire transactions for red flags and patterns of suspicious activity. Separately, many of the firm's high net worth customers were dual customers of the firm and its Swiss bank affiliate, where all of these customers' money movement activity occurred and the activity was subjected to automated monitoring for Swiss AML purposes. The firm typically had operational involvement in outgoing money movements entered into by these customers, and reviewed such transactions at the time they were made for potential AML red flags. However, the firm's overall AML program was insufficient to identify and investigate potentially suspicious

patterns of outgoing wire transfer activity in the Swiss bank accounts of the firm's dual customers that should have raised AML red flags requiring further investigation by it and potentially the filing of suspicious activity reports. ([FINRA Case #2015046020002](#))

Arvest Wealth Management ([CRD #42057](#), Lowell, Arkansas)

May 23, 2018 – An AWC was issued in which the firm was censured, fined \$150,000 and required to certify to FINRA that it has established and implemented policies, procedures and internal controls reasonably designed to address and remediate the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide required initial and annual privacy notices to certain brokerage customers and failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to ensure that it was meeting its privacy notice obligations. The findings stated that certain of its brokerage customers did not receive an initial privacy notice when the customer relationship was established. The firm is a subsidiary of Arvest Bank. Although certain firm brokerage customers, who were also the bank's customers, received an annual privacy notice from the bank, these notices did not meet the requirements of a "joint notice" under SEC Regulation S-P. Because the notices were created for bank customers, they did not include any of the required references to the broker-dealer. The firm also failed to provide annual privacy notices to customers who did not have a relationship with the bank and thus did not receive any annual privacy notice at all. The firm attempted to correct its privacy notice failures by providing all of its brokerage customers with a bank privacy notice for both initial and annual privacy notice purposes. However, these notices were not compliant as a "joint notice" because they, too, failed to include required references to the firm. The findings also stated that the firm failed to enforce its own procedures. The firm failed to designate the required principal to ensure that its privacy obligations were compliant with Regulation S-P. The firm failed to maintain a copy of the privacy notices it provided to customers, failed to maintain the documentation to evidence that the privacy notices provided had been approved for use by the firm and failed to maintain any records reflecting that privacy notices were sent to customers. In addition, the firm's written supervisory procedures did not reflect that either of its clearing firms or that its bank affiliate had been delegated the responsibility of providing initial and/or annual privacy notices to the firm's brokerage customers. In fact, prior to the initiation of FINRA's investigation, the firm failed to detect that it was not meeting its privacy notice obligations pursuant to Regulation S-P. ([FINRA Case #2014042979701](#))

Capitol Securities Management, Inc. ([CRD #14169](#), Glen Allen, Virginia)

May 25, 2018 – An AWC was issued in which the firm was censured, fined \$100,000 and ordered to pay \$44,740.33, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to detect and prevent unsuitable short-term trading in unit investment trusts

(UITs). The findings stated that the firm had no procedures to specifically address the suitability concerns raised by short-term trading in UITs. While the firm instituted a policy requiring the submission of a UIT switch form to detect the premature sales of UITs, the policy was not enforced. In addition, the firm had no surveillance or exception reports designed to detect unsuitable short-term trading of UITs. At least three firm representatives recommended and effected short-term trades of UITs in their customers' accounts. In addition, on several occasions, these representatives recommended that their customers use the proceeds from the short-term sale of a UIT to purchase another UIT with identical investment objectives. As a result of this trading, customers paid excess sales charges in the amount of approximately \$44,740.33. The findings also stated that the firm failed to retain instant messages from employees, including its senior management and compliance staff. ([FINRA Case #2017052215401](#))

GrandFund Investment Group, LLC ([CRD #143253](#), Alameda, California)

May 31, 2018 – An AWC was issued in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to have an adequate system or procedures in place to supervise or document its marketing expenses or charitable contributions. The findings stated that the firm did not have an adequate system or procedures in place to reasonably ensure that its marketing expenses and charitable contributions that were paid by its affiliate were paid in compliance with applicable laws and rules, including those pertaining to gifts and gratuities. The firm incurred \$1.4 million in marketing and compensation expenses, including travel, meals and entertainment in support of its marketing activities. The firm itself, however, did not directly pay these expenses. Rather, an affiliate paid the marketing and compensation expenses on its behalf. At the time, the firm did not have a formal expense-sharing agreement with its affiliate. In addition, the affiliate made approximately \$180,000 in charitable contributions, including contributions to organizations with ties to entities solicited by the firm for its investment business. The findings also stated that the firm failed to conduct adequate supervisory control system testing of policies and procedures, and failed to certify its supervisory controls in a timely fashion. ([FINRA Case #2014039162101](#))

Individuals Barred

Joseph Glenn Pratte ([CRD #818045](#), Riverside, California)

May 1, 2018 – An AWC was issued in which Pratte was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pratte consented to the sanction and to the entry of findings that he refused to provide FINRA with requested information in connection with its review of Pratte's outside business activities. The findings stated that Pratte's former member firm had filed an amended

Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that he engaged in prohibited outside business activity and failed to submit the activity to the firm for approval. ([FINRA Case #2017055776001](#))

Tu Ngoc Le (CRD #6530973, Phoenix, Arizona)

May 2, 2018 – An AWC was issued in which Le was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Le consented to the sanction and to the entry of findings that he converted \$6,404 from a 64-year-old customer of his member firm. The findings stated that Le made unauthorized withdrawals from the customer's accounts to pay personal expenses such as mortgage, automobile loan and insurance, and home utility bills. The firm subsequently reimbursed the customer. ([FINRA Case #2017055655401](#))

Brian Joseph Panfil (CRD #4326407, Chicago, Illinois)

May 4, 2018 – An Office of Hearing Officers (OHO) decision became final in which Panfil was barred from association with any FINRA member in all capacities. The sanction was based on findings that Panfil made unsuitable recommendations for mutual fund switches, forged or caused to be forged customers' signatures on mutual fund switch forms and exercised discretion without customers' prior written authorization. The findings stated that Panfil effected 24 mutual fund switch transactions in four customer accounts with no reasonable basis to believe the transactions were suitable. On these occasions, he sold mutual funds after the customers had held them for only two or three months. The switches resulted in the customers paying \$27,924 in excess sales charges and other fees, most of which went to Panfil. These sales charges and fees outweighed any marginal benefit from the new mutual funds. The switches were unsuitable because, among other things, they were inconsistent with the long-term nature of the mutual funds the customers already held in their accounts. There were no reasonable grounds to believe the switches were in the customers' best interests and the investment objectives of the new funds were similar to those of the previous funds. The findings also stated that Panfil decided to execute short-term mutual fund switches, chose which funds to purchase and which to sell and determined the time and price for the purchases and sales. Panfil acted without prior written authorization from the customers and without the firm's approval to maintain discretionary accounts. ([FINRA Case #2015045549301](#))

Vaughn Lee Andrews-McKay (CRD #6491985, Enfield, Connecticut)

May 8, 2018 – An AWC was issued in which Andrews-McKay was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Andrews-McKay consented to the sanction and to the entry of findings that he converted a total of \$47,748.19 from firm clients. The findings stated that Andrews-McKay converted \$29,648.19 from firm clients by using false pretenses to convince them to write personal checks to him that he claimed he would use to satisfy certain financial obligations of theirs. Instead, Andrews-McKay deposited the checks into a bank account he controlled, and used

the funds for his own personal use. Andrews-McKay converted an additional \$18,100 from one of the clients by writing checks to himself from the client's checking account without the client's knowledge or permission and forging the client's signature on the checks. Again, Andrews-McKay deposited the checks into a bank account he controlled and used the funds for his own personal use. ([FINRA Case #2018058343001](#))

Stacy Elizabeth Cheney-Jamison ([CRD #4318631](#), Smyrna, Georgia)

May 8, 2018 – An AWC was issued in which Cheney-Jamison was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cheney-Jamison consented to the sanction and to the entry of findings that she refused to provide FINRA with requested information and documents in connection with its investigation into allegations regarding her involvement in private securities transactions and falsification of client account forms. ([FINRA Case #2017055219801](#))

Brian Keith Decker ([CRD #4565524](#), Staten Island, New York)

May 8, 2018 – An AWC was issued in which Decker was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Decker consented to the sanction and to the entry of findings that during FINRA's investigation into allegations of conversion when he was a registered representative at a member firm, he failed to appear to provide testimony and produce information and documents. ([FINRA Case #2017055226501](#))

James Edward Knee ([CRD #1852920](#), Franconia, New Hampshire)

May 9, 2018 – An AWC was issued in which Knee was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Knee consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations that he misappropriated customer funds while registered with two member firms. ([FINRA Case #2016050984801](#))

Amy Elizabeth Pesina ([CRD #6503149](#), Croswell, Michigan)

May 9, 2018 – An AWC was issued in which Pesina was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pesina consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations regarding her writing checks from her personal account to a third party when she had insufficient funds available. ([FINRA Case #2017054351601](#))

Brandon Carl Rudolph ([CRD #6379420](#), Las Vegas, Nevada)

May 9, 2018 – An AWC was issued in which Rudolph was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rudolph consented to the sanction and to the entry of findings that he refused to provide FINRA

with requested information in connection with its investigation of Rudolph's possible participation in private securities transactions away from his member firm. ([FINRA Case #2016050388301](#))

Norman R. Sicard Jr. ([CRD #2269472](#), Gotha, Florida)

May 9, 2018 – An AWC was issued in which Sicard was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sicard consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations that Sicard, among other things, received an undisclosed loan from a customer, failed to disclose or timely disclose a bankruptcy on his Uniform Application for Securities Industry Registration or Transfer (Form U4) and made unsuitable recommendations to a customer. ([FINRA Case #2016049841901](#))

Emil John Skyba ([CRD #426026](#), Berkeley Heights, New Jersey)

May 11, 2018 – An AWC was issued in which Skyba was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Skyba consented to the sanction and to the entry of findings that he refused to respond to FINRA's requests for information in connection with its investigation into potential alteration of new account forms. ([FINRA Case #2017056500901](#))

Ahmed Abdelmawla Gadelkareem ([CRD #2815685](#), Brooklyn, New York)

May 14, 2018 – An SEC Order became final in which Gadelkareem was barred from association with any FINRA member in all capacities. The SEC sustained the National Adjudicatory Council's (NAC) findings of violations and imposition of sanctions. The sanction was based on findings that Gadelkareem made abusive, intimidating and threatening communications to various individuals at his former member firm. The findings stated that following his termination, Gadelkareem embarked upon an extended campaign of repeated phone calls, email communications and other harassing and threatening conduct directed towards individuals at his former firm. As part of his efforts to force his firm to settle its claims against him, Gadelkareem impersonated a police detective and FINRA investigator. Gadelkareem also made unfounded allegations of fraud against the firm to the media, undermined a business relationship between the firm and an investor and lodged complaints against the firm's attorney with the New York City Bar Association. ([FINRA Case #2014040968501](#))

Jonathan George Sweeney ([CRD #4914852](#), Oceanside, California)

May 16, 2018 – An AWC was issued in which Sweeney was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sweeney consented to the sanction and to the entry of findings that he made material misrepresentations and omitted material information in an unsuitable recommendation

to his customer. The findings stated that Sweeney caused the customer to surrender two variable annuities and use the proceeds to purchase two new variable annuities. Sweeney, in order to convince the customer to accept his recommendation, intentionally misrepresented material facts to the customer. Specifically, Sweeney falsely represented that the new annuities provided her with the same benefits as the original annuities. In addition, Sweeney knew, yet intentionally omitted to disclose, several material adverse facts to the customer. Sweeney did not tell the customer that she would lose the enhanced living and death benefits to which she was entitled under the original annuities if she surrendered the original annuities, nor did he tell her the value of these enhanced benefits. Sweeney also did not tell the customer that she would forfeit the enhanced growth features of the original annuities by switching to the new annuities, and that the accumulation values for her living and death benefits under her original annuities were higher than the cash surrender values, or that cashing out her original annuities would cause her to realize certain losses based on the performance of her various subaccount investments that she would not otherwise incur. The findings also stated that Sweeney effected the annuity exchanges without having a reasonable basis to believe that such sales and purchases were suitable for the customer in view of her age, retirement status, financial needs, and her desire to have guaranteed lifetime income streams and enhanced death benefits to pass on to her beneficiaries. Sweeney also did not have a reasonable basis to believe that his recommendation to the customer was suitable because he knew that the new annuities did not provide her with product enhancements or improvements, but rather caused her to forfeit significant benefits and become subject to a new surrender period. As a result of this conduct, Sweeney violated FINRA Rules 2111, 2330(b) and 2010. The findings also included that Sweeney reused original signatures from forms his customers had signed to complete new forms that his customers had not signed. He then submitted the new forms to his firm as original documents. ([FINRA Case #2016050142601](#))

Harold Francis Couglar ([CRD #1193367](#), Encinitas, California)

May 21, 2018 – An AWC was issued in which Couglar was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Couglar consented to the sanction and to the entry of findings that he failed to notify his member firms, in writing or otherwise, about outside securities accounts to which he had discretionary authority or the securities transactions he effected in those accounts, including buy and sell orders for common stock and bonds. The findings stated that Couglar did not notify the executing FINRA members of his association with his firms, in writing or otherwise. The outside accounts were joint or individual accounts held by individuals at other FINRA member firms. Couglar received \$102,956 in compensation from the individuals who owned the accounts. More than 2,800 trades, with a total value of more than \$30 million, were executed in the accounts. Couglar submitted compliance questionnaires to one of his firms in which he falsely stated that he did not have discretionary authority over any outside securities accounts belonging to non-family

members. The findings also stated that while associated with one of the firms, Couglar prepared tax returns for individuals who were not customers of his firm without disclosing these activities to the firm, in writing or otherwise. Tax preparation services were not within the scope of Couglar's duties at the firm. Couglar received \$27,255 in compensation from the individuals to whom he provided tax preparation services. Couglar submitted compliance questionnaires to his firm in which he falsely stated that he had fully disclosed his outside business activities. ([FINRA Case #2017052715901](#))

Douglas Anthony Leone ([CRD #2453784](#), Sandy Hook, Connecticut)

May 21, 2018 – An OHO decision became final in which Leone was barred from association with any FINRA member in all capacities. The sanction was based on findings that Leone failed to appear for FINRA on-the-record testimony in connection with an investigation into Leone's potential unsuitable recommendations and excessive trading in customer accounts. ([FINRA Case #2016052560002](#))

James Larkin Powers ([CRD #2450818](#), Ridgewood, New Jersey)

May 22, 2018 – An OHO decision became final in which Powers was barred from association with any FINRA member in all capacities and ordered to pay \$388,133, plus prejudgment interest, in disgorgement of ill-gotten profits. The decision had been appealed to the NAC, but the appeal was dismissed as abandoned. The sanctions were based on findings that Powers engaged in a fraudulent scheme involving the use of sham trades for his own profit. The findings stated that Powers engaged in the fraudulent scheme by executing fictitious trades through buying and selling securities to and from his member firm's accounts that he controlled, at prices he set, for his own benefit, with no corresponding market executions in the securities involved. Powers fabricated the transactions with no corresponding executions with market counterparties to transfer more than \$388,000 from his firm's average price account to his personal account at the firm, and then to his personal account at a bank. The sham trades involved more than 53,000 shares in eight stocks and generated profits exceeding \$388,000. As a result of his conduct, Powers willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020. The findings also stated that Powers engaged in unauthorized securities transactions in customer accounts when he booked a large short sale position into customer accounts without authorization 12 times over seven weeks, canceling each trade before it settled, and then booking it into another customer account. Powers' series of unauthorized trades began when he acquired the short position in a company's stock by short selling 1,500 shares of the company at \$364.54 per share without a customer order. Powers, having previously engaged in a profitable trade in the company's stock, attempted to repeat that success. Powers was unable to do so as the market price of the stock rapidly increased, leaving him in a progressively worse position. This led Powers to book the trades as he did in order to hide the position, in the hope that over time the market would become more favorable and allow him to recoup his loss. The firm's clearing firm noticed the pattern of cancellations and re-billings of the block of the company's stock, and took

the actions that compelled the firm to make Powers place the stock in his error account and cover the trade. The findings also included that when Powers booked the company's stock position into customer accounts without authorization, he caused the firm to create and maintain false records of orders and false trade confirmations. The firm's trading blotters and confirmations recorded Powers' transactions, making it appear that his customers were placing sell orders for the company's stock that they then canceled on or before trade settlement dates when there were actually no customer orders. The decision found that FINRA failed to prove the allegations in the second and third causes of action by a preponderance of the evidence. Therefore, the Panel dismissed the complaint's allegations that Powers converted customer funds and engaged in fraudulent practices by making material misstatements and omissions of fact in customer trade confirmations. ([FINRA Case #2014041985401](#))

Meaghan Marie Johnson ([CRD #5754123](#), Ashburn, Virginia)

May 23, 2018 – An AWC was issued in which Johnson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Johnson consented to the sanction and to the entry of findings that she failed to provide FINRA with documents and information and appear for on-the-record testimony relating to the internal review by her former member firm because a client complaint against Johnson's joint work partner, alleging forgeries of client signatures, raised questions concerning Johnson's possible involvement. ([FINRA Case #2017053173001](#))

Leona Lynn Parsons ([CRD #6164352](#), Chula Vista, California)

May 23, 2018 – An AWC was issued in which Parsons was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Parsons consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with its investigation regarding allegations in a Form U5 her member firm had filed for her. The findings stated that the Form U5 stated that the firm's affiliate bank had terminated her employment because Parsons, in the capacity of an affiliate bank employee, assisted an affiliate bank customer with several bank account withdrawals and allegedly failed to provide the full amount of the withdrawal to the customer. In addition, some of the withdrawal slips were used without the customer's signature. ([FINRA Case #2018057498301](#))

Herbert Voss Jr. ([CRD #1014475](#), Culver City, California)

May 23, 2018 – An AWC was issued in which Voss was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Voss consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony concerning a customer complaint alleging that Voss had engaged in unauthorized trading in the customer's account. ([FINRA Case #2017053435501](#))

Sanjeev Sreetharan (CRD #5939838, New York, New York)

May 24, 2018 – An AWC was issued in which Sreetharan was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sreetharan consented to the sanction and to the entry of findings that he failed to appear and provide testimony in response to multiple FINRA requests in connection with an investigation concerning allegations that he incorrectly valued certain securities in his member firm's trading portfolio. ([FINRA Case #2016049868701](#))

Anthony Bernard Didonato III (CRD #6215387, Dudley, Massachusetts)

May 29, 2018 – An AWC was issued in which Didonato was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Didonato consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into his alleged submission of falsified annuity applications. ([FINRA Case #2017055692701](#))

Maria Nancy Tamburro (CRD #5977689, Highland Falls, New York)

May 29, 2018 – An AWC was issued in which Tamburro was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tamburro consented to the sanction and to the entry of findings that she effected unauthorized trades in the accounts of her member firm's customers. The findings stated that one of the six customers did not have sufficient funds in his brokerage account to fund the unauthorized mutual fund purchases. Accordingly, in five separate transactions, Tamburro sold securities in another brokerage account held by the same customer, and then transferred the proceeds to the purchasing account. Tamburro did not have authorization from the customer either for the sales or the transfer of funds. Two of the affected customers had only fee-based accounts with Tamburro. Accordingly, to facilitate the unauthorized transactions, Tamburro first electronically submitted new account documentation to her firm to open commission-based accounts in these customers' names. Tamburro did so without the customers' permission. Tamburro then placed the unauthorized trades in the newly created, unauthorized accounts. The total principal amount of Tamburro's unauthorized trades was approximately \$260,000. The customers were charged \$7,549 in commission for the unauthorized trades. The firm reversed all of the unauthorized transactions and reimbursed each of the affected customers. The findings also stated that Tamburro failed to timely respond to FINRA requests for documents and information in connection with its investigation into her unauthorized trading. ([FINRA Case #2018056872301](#))

Francis Keyla Acosta (CRD #6531648, Freeport, New York)

May 31, 2018 – An AWC was issued in which Acosta was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Acosta consented to the sanction and to the entry of findings that she caused someone to impersonate a customer, signed a customer's name, and provided false responses to FINRA.

The findings stated that in order to facilitate the transfer of a customer's account from another broker-dealer to Acosta's member firm and with the customer's authorization, she caused someone to impersonate the customer during telephone calls with the prior broker-dealer. The findings also stated that in order to complete the transfer, the customer was required to sign a replacement of life insurance or annuities form and amend certain information on his previously completed forms; however, the customer was not available to complete the forms. Therefore, with the customer's knowledge and authorization, Acosta signed the customer's name on the replacement form and accompanying documents. The findings also included that Acosta provided an oral statement to FINRA, as well as a written response to FINRA's request to her firm denying having caused another person to impersonate a customer. During Acosta's on-the-record interview, she admitted to causing another person to impersonate the customer on telephone calls with another broker-dealer. At that time, Acosta also admitted to signing the customer's name on the replacement form and accompanying documents. ([FINRA Case #2015048332401](#))

Individuals Suspended

Nicholas John Hoetmer ([CRD #1134122](#), Indianapolis, Indiana)

May 1, 2018 – An AWC was issued in which Hoetmer was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Hoetmer consented to the sanctions and to the entry of findings that he willfully failed to amend or timely amend his Form U4 to report a Chapter 7 bankruptcy petition, a federal tax lien and a civil judgment. The findings stated that Hoetmer filed a number of U4 amendments that were false, in that they misrepresented that he had no reportable bankruptcies, liens and/or civil judgments. The findings also stated that Hoetmer submitted a compliance certification to his member firm that falsely stated that he had not been the subject of any judgments during the prior year.

The suspension is in effect from May 7, 2018, through February 6, 2019. ([FINRA Case #2016049359301](#))

James Otis Conaway ([CRD #1920946](#), Orange, California) and Lorraine Annette Conaway ([CRD #2104502](#), Orange, California)

May 2, 2018 – An AWC was issued in which James and Lorraine Conaway were each assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, James and Lorraine Conaway consented to the sanctions and to the entry of findings that they failed to timely and completely disclose the scope of their outside business activities to their member firm. The findings stated that the Conaways established a company to refer clients to investments in rental real estate properties. The Conaways referred individuals who were interested in purchasing investment rental properties to real estate vendors through their company. Some of the individuals that the Conaways referred to real estate

vendors through their company included their securities clients, who were customers of their member firms. The Conaways began a business relationship with a vendor of distressed rental properties in St. Louis, Missouri. The vendor was a company controlled by an individual who had pleaded guilty to unrelated federal charges arising from his role, with others, in submitting false loan applications to banks, and had been sentenced to 15 months imprisonment. Approximately one-third of the Conaways' referral business was directed to the individual's program for selling and rehabbing distressed rental properties in St. Louis. The remaining referral business was directed to other third-party real estate vendors. The Conaways' company received over \$450,000 in referral fees from the individual's vendor company and referred to the individual more than 35 individuals who contracted to purchase one or more rental properties from the individual's vendor company. The Conaways expanded the scope of their real estate outside business activities in an attempt to address grievances from clients they had referred to the individual. Additionally, the Conaways and other individuals organized two more companies as outside business activities, to buy and hold rental properties and then used this entity to make an acquisition from a dissatisfied client, and to buy and hold other rental properties for their own account. However, the Conaways' initial written disclosure of the first company as an outside business activity was incomplete and inaccurate and their initial written disclosures of the two additional outside business activities were untimely. The findings also stated that the Conaways' provided their firm with inaccurate information about those outside business activities in response to its investigation of them.

James Conaway's suspension is in effect from May 7, 2018, through February 6, 2019. Lorraine Conaway's suspension is in effect from May 7, 2018, through February 6, 2019. ([FINRA Case #2016048484001](#))

Joshua Thomas Crossman ([CRD #2633781](#), Jupiter, Florida)

May 2, 2018 – An AWC was issued in which Crossman was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Crossman consented to the sanctions and to the entry of findings that he intentionally made false statements to his member firm in an expense report in an attempt to obtain reimbursement of approximately \$524 for expenses that he did not incur. The findings stated that Crossman instructed his assistant to submit the expense report seeking reimbursement for mileage and dinner expenses. Crossman represented that these expenses were incurred during two meetings and a dinner with prospective clients. Subsequently, Crossman admitted to the firm that the meetings and dinner did not take place and that he submitted the false expense report to avoid forfeiting the unused funds in his business development account. As a result, the firm rejected Crossman's expense report and no funds were disbursed to him.

The suspension is in effect from May 7, 2018, through November 6, 2018. ([FINRA Case #2017053816101](#))

Michael Terry Swingle (CRD #723350, Dunedin, Florida)

May 4, 2018 – An AWC was issued in which Swingle was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Swingle consented to the sanctions and to the entry of findings that as a result of deteriorating financial circumstances caused in part by gambling, he borrowed a total of \$118,500 from five customers of his member firm, contrary to the firm’s policy. The findings stated that Swingle had a personal relationship with some of the customers and at least three of the five customers were elderly. Swingle borrowed \$96,000 of the \$118,500 from one elderly couple. Swingle continued to gamble after receiving the loan proceeds. Of the \$118,500 borrowed by Swingle, \$102,786 remains outstanding. Swingle obtained the loans without the firm’s knowledge or pre-approval. The firm’s written supervisory procedures during the relevant period prohibited representatives from borrowing money from customers in any circumstances, a policy that Swingle acknowledged on firm attestation forms. After Swingle self-reported the loans to the firm, he was terminated.

The suspension is in effect from May 7, 2018, through November 6, 2019. ([FINRA Case #2016051931501](#))

Fatou Camara (CRD #5875462, Bronx, New York)

May 8, 2018 – An AWC was issued in which Camara was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Camara consented to the sanctions and to the entry of findings that she borrowed \$3,000 from her customer when her member firm policy strictly prohibited borrowing money from a customer. The findings stated that the loan required repayment and Camara’s initial attempt to repay the loan failed when her check was returned due to insufficient funds. Thereafter, Camara failed to repay any portion of the borrowed funds. Camara falsely certified on the firm’s annual compliance questionnaire that she had not borrowed money from any firm customer. When the customer complained to the firm, it repaid the loan.

The suspension is in effect from May 21, 2018, through August 20, 2018. ([FINRA Case #2017055404901](#))

Philip Orezio Fatta (CRD #1467533, Holtsville, New York)

May 8, 2018 – An AWC was issued in which Fatta was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Fatta consented to the sanctions and to the entry of findings that he engaged in quantitatively unsuitable trading in a customer’s account. The findings stated that the customer, who is now retired, had limited financial wherewithal. Fatta recommended the trading for the customer’s account, and the customer followed such recommendations. Fatta had de facto control over the customer’s account. During this period, the customer’s account sustained a loss of approximately \$98,000. The customer obtained an arbitration award against Fatta in July 2017.

The suspension is in effect from May 21, 2018, through September 20, 2018. ([FINRA Case #2016047619002](#))

Nas Adel Allan ([CRD #4562149](#), Staten Island, New York)

May 9, 2018 – An Offer of Settlement was issued in which Allan was fined \$2,500, suspended from association with any FINRA member in all capacities for one month and ordered to pay disgorgement of a portion of commissions received in the amount of \$2,500, plus interest. Without admitting or denying the allegations, Allan consented to the sanctions and to the entry of findings that he recommended, over an approximate two-month period, that elderly husband and wife customers engage in short-term trading of a single security that they had held for over 36 years, resulting in losses and capital gains tax liability for the customers and generating over \$22,000 in commissions, markups and markdowns for Allan. The findings stated that Allan first recommended to the customers that their trust liquidate its position in the stock, worth approximately \$191,000 at the time of sale. Approximately one week later, Allan recommended that the trust repurchase a large position in the stock. Allan again recommended that the trust sell all of its shares at a price lower than it had paid to repurchase those shares. Nearly two weeks after incurring this loss, Allan again recommended that the trust repurchase those shares — again at a higher price than what the trust had recently sold those shares. Allan’s recommendations were unsuitable in light of the customers’ investment profile, lacked an economic rationale and resulted in unwarranted losses and tax liabilities for the customers. Allan charged more than \$22,000 in markups and markdowns on just four transactions. The findings also stated that Allan’s recommendations failed to take into account the tax status of the customers and the trust. Specifically, the sale of the shares resulted in an approximate \$15,000 capital gains tax liability for the customers because they held the shares at a very low basis, compared to its then-current value. There was no economic rationale for Allan to engage in short-term trading of the shares, thereby exposing his customers to a large capital gains tax liability, while Allan charged commissions that wiped out any gains that could have resulted from the round-trip transactions.

The suspension was in effect from June 4, 2018, through July 3, 2018. ([FINRA Case #2015046971701](#))

Robert N. Newman ([CRD #4237176](#), Los Angeles, California)

May 10, 2018 – An AWC was issued in which Newman was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Newman consented to the sanctions and to the entry of findings that he effected discretionary transactions in a customer’s account without obtaining prior written authorization from the customer and without his member firm having accepted the account as discretionary.

The suspension was in effect from June 4, 2018, through June 15, 2018. ([FINRA Case #2017056742401](#))

Gregory J. Anastos ([CRD #5800831](#), Jersey City, New Jersey)

May 11, 2018 – An Offer of Settlement was issued in which Anastos was suspended from association with any FINRA member in all capacities for four months. In light of Anastos' financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Anastos consented to the sanction and to the entry of findings that he recommended, over an approximate 13-month period, that elderly husband and wife customers engage in short-term trading of a single security, resulting in significant losses for them and generating over \$78,158 in commissions, markups and markdowns for himself. The findings stated that the elderly customers had held the single security for over 36 years. Anastos recommended short-term, in-and-out trading of large positions of a company's stock (the single security), and made recommendations for purchasing and selling the single security call options and, at times, using margin in the customers' trust account for the transactions. Anastos excessively traded the account, recommending a total of 26 transactions (24 of which involved the same single security or options relating to it). This resulted in \$69,623 in losses to the elderly customers. Anastos recommended all of the transactions in the trust account and exercised control over the account. Anastos' trading in the account was excessive, as evidenced by the high turnover rates and high commission-to-equity and cost-to-equity ratios, and was inconsistent with the investment profile of the customers' trust. The customers' listed their investment profile as "moderate." Anastos did not have reasonable grounds or a reasonable basis for believing that the recommended transactions were suitable for the trust in light of the customers' investment objectives, risk tolerance and financial situation. The findings also stated that Anastos exercised discretionary power in the account without written authority. The customers, as trustees of the trust, never gave written discretionary authority to Anastos or his firm. The firm, further, never accepted the trust account as a discretionary account. Anastos effected 18 of 26 transactions in the account without speaking to either of the elderly customers prior to the transactions on the dates of the transactions.

The suspension is in effect from June 4, 2018, through October 3, 2018. ([FINRA Case #2015046971701](#))

Kelly Marvin Barnett ([CRD #4127608](#), Sarasota, Florida)

May 11, 2018 – An AWC was issued in which Barnett was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Barnett consented to the sanctions and to the entry of findings that he used discretion in five customers' accounts without written authorization or acceptance of the accounts as discretionary. The findings stated that a customer of Barnett's died of a heart attack. Barnett was unaware of his customer's death and two days after his customer's death, Barnett placed three trades in the customer's account for the sale of two ETFs and for the purchase of an ETF. Four days after his customer's death, Barnett placed two additional trades in his customer's account for the purchase of a UIT and for the sale of an ETF. Barnett's customer had orally granted

him discretion to place trades in the account but had never given him a written grant of authorization to use discretion. Further, Barnett's member firm had never accepted the account as a discretionary account. The findings also stated that Barnett exercised discretion in four additional customer accounts without a written grant of authorization and without having the accounts accepted as discretionary. The customers had orally agreed to a trading strategy. When Barnett could not reach the customers, he executed the planned strategy without speaking to the customers first. In total, Barnett executed 25 discretionary trades in the four customers' accounts. The findings also included that Barnett maintained handwritten notes of customer contact in the firm's customer files in order to document conversations with clients regarding orders and recommendations. With regards to the trades in Barnett's deceased customer's account, after his customer's death, Barnett created two handwritten documents falsely stating that he had spoken to the customer on the dates of the trades and that the customer had approved the transactions. Barnett maintained the falsified handwritten notes in the firm's customer file to substantiate his contact with his customer on the dates of the trades. FINRA found that Barnett maintained blank, signed switch disclosure forms in the firm's customer files. The forms contained important disclosures regarding UIT exchanges. On 19 occasions, Barnett used the blank signed forms to effect UIT exchanges without having each client sign a completed switch disclosure form. Each form detailed the UIT that was being sold, the UIT that was being purchased, provided the reasons for the switch, and detailed the charges associated with the switch. As a result, the switch forms were an instruction given or received in connection with the purchase or sale of a security, and was a record that the firm was required to maintain. By completing the blank, signed forms to falsely evidence acknowledgement of disclosures, Barnett falsified the exchange forms and caused the firm's books and records to be inaccurate.

The suspension is in effect from June 4, 2018, through December 3, 2018. ([FINRA Case #2015048320901](#))

Andrew Lee Denney (CRD #4751722, Springfield, Missouri)

May 14, 2018 – An AWC was issued in which Denney was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Denney consented to the sanctions and to the entry of findings that, over the course of nine months, he disclosed nonpublic information about approximately two dozen customers to a person who was statutorily disqualified from the brokerage industry, and assisted that person's efforts to act as an unregistered broker. The findings stated that the investment advisor firm that Denney was dually registered with purchased the statutorily disqualified person's business and assigned Denney to a group of her former customers. Denney's member firm prohibited the statutorily disqualified individual from discussing securities, handling paperwork for securities transactions and introducing her former customers to the firm's associated persons. The firm's written procedures also prohibited Denney from sharing nonpublic

information with the disqualified person about her former customers. In addition to those restrictions, the firm generally prohibited its registered persons from communicating about their securities business using text messages without prior written approval. Denney was aware of those policies. Denney shared nonpublic information with the statutorily disqualified person about her former customers, including information about their account balances, securities transactions and investment strategies. On approximately 20 occasions, Denney assisted the disqualified person's efforts to act as an unregistered broker by accepting her introductions to customers, following her suggestions about her former customers' investments, or obtaining paperwork from her relating to securities transactions. On one occasion, the disqualified person gave checks to Denney from one of her former customers that she partly filled out. The findings also stated that Denney sent hundreds of text messages about securities to the statutorily disqualified person without seeking or receiving his firm's prior written approval, preventing the firm from supervising those communications.

The suspension is in effect from May 21, 2018, through May 20, 2019. ([FINRA Case #2015046807002](#))

Francisco Jose Ortiz ([CRD #4677135](#), Miami, Florida)

May 14, 2018 – An Offer of Settlement was issued in which Ortiz was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the allegations, Ortiz consented to the sanctions and to the entry of findings that he falsified a wire transfer request form by falsely representing that a financial advisor at his member firm had confirmed the wire transfer request, as well as the customer's date of birth and recent account activity. The findings stated that Ortiz processed the wire transfer based on email instructions despite having previously been alerted that an unknown imposter had compromised the customer's email account and that the wire request was fraudulent. Ortiz submitted the falsified request form to his firm in order to complete the wire transfer. As a result of the submission of the false request form, Ortiz made possible a fraudulent transfer of customer funds by an imposter. The findings also stated that, as a result, Ortiz caused the firm's books and records to be inaccurate when he entered false information on the request form.

The suspension was in effect from May 21, 2018, through June 20, 2018. ([FINRA Case #2016051454501](#))

Joshua David Stamm ([CRD #4557338](#), Forest, Virginia)

May 14, 2018 – An AWC was issued in which Stamm was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Stamm consented to the sanctions and to the entry of findings that while associated with his member firm, he participated in two undisclosed private securities transactions in which a firm customer and the company

that the customer owned purchased a total of \$500,000 in promissory notes. The findings stated that Stamm introduced the owner of an ammunition manufacturing company to one of his customers who was also involved in the manufacturing business (the customer). The customer, through the manufacturing company owned by the customer, purchased a \$300,000 promissory note issued by the ammunition company. Although Stamm did not receive any compensation as a result of the transaction, he participated in the purchase by reviewing the promissory note, making corrections to it, obtaining a signature on the note, delivering a check for the investment to the issuer and providing the executed note to the customer. The findings also stated that the customer also purchased a \$200,000 promissory note issued by the ammunition company. Although Stamm did not receive any compensation as a result of the transaction, he participated in the purchase by delivering a check for the investment to the issuer and by providing the executed note to the customer. Stamm did not provide any notice to his firm regarding the foregoing transactions prior to his participation in them.

The suspension is in effect from May 21, 2018, through November 20, 2018. ([FINRA Case #2016050765201](#))

Zachary Stuart Brodt (CRD #5228473, Scottsdale, Arizona)

May 17, 2018 – An AWC was issued in which Brodt was fined \$10,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Brodt consented to the sanctions and to the entry of findings that on five occasions, while he was registered with his member firm, but looking to transition to a new broker-dealer, he sent emails containing nonpublic personal customer information to non-affiliated third parties without the customers' knowledge and consent. The findings stated that the third parties included two non-affiliated broker-dealers Brodt was considering transitioning to, as well as a financial recruiting firm that was assisting him with his transition. In certain instances, the nonpublic personal information Brodt sent to third parties included customer account numbers, investment names, investment values and the value of customer accounts. On at least one occasion, Brodt sent nonpublic personal customer information belonging to customers whose accounts he did not service. The findings also stated that Brodt willfully failed to timely update his Form U4 to disclose a shoplifting misdemeanor charge and guilty plea. Brodt was aware that he might be required to make disclosure, but failed to timely take appropriate steps to confirm his obligation or otherwise disclose the charge or guilty plea on his Form U4. Brodt also completed three compliance forms in which he failed to disclose that he had been arrested for, and had pled guilty to, a misdemeanor.

The suspension is in effect from June 4, 2018, through September 3, 2018. ([FINRA Case #2015044197601](#))

Fuad Saad Habba ([CRD #4892638](#), Greenwich, Connecticut)

May 21, 2018 – An AWC was issued in which Habba was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Habba consented to the sanctions and to the entry of findings that he engaged in a check kiting scheme, whereby he wrote and deposited into his personal checking account at his member firm a total of five checks, totaling \$2,765, that were drawn against his other bank accounts that had been closed for years prior to the deposits. The findings stated that Habba knew, or was reckless in not knowing, that the accounts from which he wrote the checks were closed and that there were insufficient funds to cover the checks that he had written. Following each of the deposits of these checks, he withdrew funds from his firm checking account. In one instance, Habba would have had insufficient funds in his firm checking account to cover the withdrawals without the deposit of the bad check. The findings also stated that the firm initially credited the funds to Habba’s account but subsequently rejected the deposits. The findings also included that by depositing checks into his personal checking account with insufficient funds to cover the checks and then immediately withdrawing funds from his personal checking account, Habba obtained unauthorized loans from the firm and was thereby engaged in check kiting.

The suspension is in effect from May 21, 2018, through August 20, 2018. ([FINRA Case #2016049826001](#))

Peter David Holler ([CRD #838897](#), Bristol, Tennessee)

May 21, 2018 – An AWC was issued in which Holler was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for two years and ordered to pay \$49,790, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the findings, Holler consented to the sanctions and to the entry of findings that he engaged in a series of private securities transactions without providing notice to, or obtaining approval from, his member firm prior to participating in these private securities transactions. The findings stated that Holler solicited investors to purchase promissory notes in a purported real-estate investment fund. Ultimately, Holler sold approximately \$1.39 million in the promissory notes to individuals, nine of whom were the firm customers. Holler received \$49,790 in commission in connection with these transactions. Holler also purchased approximately \$75,100 of the promissory notes for himself.

The suspension is in effect from May 21, 2018, through May 20, 2020. ([FINRA Case #2017055239801](#))

Lawrence Eugene Murphy ([CRD #1270120](#), Hainesport, New Jersey)

May 21, 2018 – An AWC was issued in which Murphy was fined \$7,500 and suspended from association with any FINRA member in all capacities for 20 business days. Without

admitting or denying the findings, Murphy consented to the sanctions and to the entry of findings that he provided nonpublic, personal information of customers at his member firm to his son, a registered representative who had been terminated by the firm and had become associated with another member firm. The findings stated that after his son had been terminated and had become associated with another firm, Murphy provided him with the files of approximately 87 of his son's former customers. The customer files contained nonpublic personal information, such as account numbers, social security numbers and birthdates. Murphy acted without the knowledge or consent of his firm or any customer.

The suspension is in effect from June 18, 2018, through July 16, 2018. ([FINRA Case #2016051227701](#))

Gerard Chandler Gremillion (CRD #1816351, Baton Rouge, Louisiana)

May 23, 2018 – An OHO decision became final in which Gremillion was fined \$20,000 and suspended from association with any FINRA member in all capacities for two years. The sanctions were based on findings that Gremillion willfully failed to update his Form U4 to disclose two tax liens, a bankruptcy filing and a civil monetary judgment, and falsely answered a question on a Form U4 amendment.

The suspension is in effect from June 4, 2018, through June 3, 2020. ([FINRA Case #2015044600801](#))

Brian John Hussey Jr. (CRD #4640067, Zephyrhills, Florida)

May 23, 2018 – An AWC was issued in which Hussey was suspended from association with any FINRA member in all capacities for seven months. In light of Hussey's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Hussey consented to the sanction and to the entry of findings that he made unsuitable recommendations to a customer that she sell 100 percent of the mutual fund positions in her individual retirement account (IRA) and invest the proceeds in penny stocks focused on the marijuana business. The findings stated that the thinly-traded penny stocks recommendation was inconsistent with her investment objectives and financial situation. In addition, the transactions were solicited in violation of Hussey's member firm's policies prohibiting the solicitation of penny stocks. In order to effect the transactions, Hussey mismarked solicited trades as unsolicited in the customer's accounts to avoid the firm's policy preventing its representatives from soliciting the purchase of penny stocks. Moreover, the SEC issued an Order suspending all trading in one of the penny stocks. Hussey had already heavily invested the customer's accounts in that penny stock. Three days after trading resumed in the penny stock, Hussey purchased an additional \$22,679.50 in the account. Hussey eventually had 100 percent of the customer's portfolio concentrated in the two penny stocks. After the firm made inquiries regarding the trading activity in the customer's IRAs, and to avoid future compliance issues, Hussey's recommended that the customer move her account to another FINRA member firm, where Hussey, with the

customer's permission, engaged in discretionary trading of her account using her login credentials. Hussey did not disclose his exercise of discretion or his discretionary authority in this third party account to his firm or to the executing member firm. The customer complained to Hussey's firm, asserting \$58,572 of market losses in her accounts with the firm and the third party firm account, in addition to damages from the lost opportunity to participate in market gains. Hussey's firm settled for \$67,019.24, which he is obligated to pay back to the firm. The findings also stated that as stated above, Hussey mismarked order tickets for trades as unsolicited when, in fact, he solicited the trades and therefore caused his firm to maintain false and inaccurate books and records.

The suspension is in effect from June 18, 2018, through January 17, 2019. ([FINRA Case #2017053342601](#))

Louis Anthony Telerico (CRD #443875, Aurora, Ohio)

May 23, 2018 – An AWC was issued in which Telerico was suspended from association with any FINRA member in all capacities for six months. In light of Telerico's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Telerico consented to the sanction and to the entry of findings that he willfully failed to disclose on his Form U4 the filing of bankruptcy petitions by various companies he controlled, as well as three tax liens and three civil judgments filed or entered against him personally.

The suspension is in effect from June 4, 2018, through December 3, 2018. ([FINRA Case #2017053985101](#))

John Michael Krohn (CRD #2722975, West Des Moines, Iowa)

May 29, 2018 – An AWC was issued in which Krohn was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Krohn consented to the sanctions and to the entry of findings that he engaged in outside business activities and made personal purchases totaling \$7.9 million of private securities away from his member firm without notifying it about those activities or purchases. The findings stated that Krohn's failure to give his firm prior written notice of the outside business activities prevented the firm from considering issues such as whether his outside business activities would interfere with his responsibilities to the firm or its customers, and whether customers or the public would incorrectly view the activities as part of the firm's business. The findings also stated that Krohn's private securities transactions were outside the scope of his employment with the firm and he did not notify his firm about his role in them, or whether or not he had received, or expected to receive, selling compensation. Krohn made some of those purchases through the investing company that he owned jointly with a customer.

The suspension is in effect from June 4, 2018, through September 3, 2018. ([FINRA Case #2017052852801](#))

Morey Herbert Goldberg (CRD #1741133, Gladwyne, Pennsylvania)

May 30, 2018 – An AWC was issued in which Goldberg was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Goldberg consented to the sanctions and to the entry of findings that he failed to provide timely written notice to his member firm with respect to his outside business activity. The findings stated that Goldberg entered into an operating agreement with an individual to form a limited liability company. Goldberg's activities with respect to the formation, management and investments of the company were all outside the scope of his relationship with his firm. The findings also stated that while registered with his firm, Goldberg distributed to potential customers a presentation regarding a private placement offering that was not fair and balanced and that failed to provide a sound basis for evaluating the investment referenced. The presentation failed to provide a balanced discussion of rewards with substantive risk disclosures of both the general risks associated with private offerings and the specific risks associated with the individual issuer. In addition, the presentation did not provide a sound basis for evaluating the facts related to the offering, include the supporting data for side-by-side comparisons of the private offering and other private equity investments to which it was compared and contained impermissible projections of investment performance in the forms of target returns, return comparisons, expected yields and target distributions.

The suspension is in effect from June 4, 2018, through July 18, 2018. ([FINRA Case #2015043333002](#))

Kenneth K. Jobson (CRD #5987955, St. Petersburg, Florida)

May 30, 2018 – An AWC was issued in which Jobson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Jobson consented to the sanctions and to the entry of findings that he engaged in an outside business activity involving a company that specialized in manufacturing and refurbishing custom motor homes without providing written notice to his member firm. The findings stated that Jobson acquired an ownership interest in the motor home company and received a total of \$13,200 in compensation for planning and marketing activities that he performed for the company. The findings also stated that Jobson provided written notices to the firm of his intention to invest in and engage in a company that provided fuel system services as an outside business. The firm denied both requests. Despite the denials, Jobson acquired a partnership interest in the fuel service company and participated in the fuel service company's business by conducting planning and marketing activities. The firm's written policies and procedures prohibited registered representatives from investing or engaging in outside business activities without prior written approval from the firm. The findings also included that Jobson falsely certified on a firm annual compliance questionnaire that he had not participated in any outside business activity that required disclosure.

The suspension is in effect from June 4, 2018, through September 3, 2018. ([FINRA Case #2016052579702](#))

Carlos Velazquez (CRD #6086157, Pingree Grove, Illinois)

May 30, 2018 – An AWC was issued in which Velazquez was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Velazquez consented to the sanctions and to the entry of findings that he was involved in an outside business activity without providing full and complete prior written notice to, or obtaining the requisite approval from, his member firm. The findings stated that Velazquez failed to provide the firm with full and accurate details concerning his role in the business, or the nature and scope of the services he provided to its customers. The findings also stated that Velazquez provided false and misleading information to FINRA in response to a request for a written statement in connection with an investigation into why he failed to disclose his full involvement in the outside business to the firm.

The suspension is in effect from June 4, 2018, through February 3, 2019. ([FINRA Case #2016051054501](#))

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 May 31, 2018. 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 FINRA Notices.

Dennis Albert Mehringer Jr. (CRD #722569, Altadena, California)

May 23, 2018 – An OHO decision was appealed to the NAC. Mehringer was fined \$50,000, barred from association with any FINRA member in all capacities and ordered to disgorge \$108,131.21, plus prejudgment interest. The sanctions were based on findings that Mehringer made unsuitable recommendations that resulted in excessive trading in mutual fund Class A shares in a customer's accounts. The findings stated that Mehringer solicited all of the purchase and sale transactions in Class A shares. Mehringer engaged in a pattern of buying and selling that involved many transactions in Class A shares. There were so many transactions in Class A shares that it would have been impossible for the customer to keep track of them. Mehringer held the shares for short periods of time before selling them. That he frequently broke up the buy and sell transactions constitutes a pattern demonstrating that his true objective was to maximize commissions. The findings also stated that Mehringer exercised discretion without authority by executing unauthorized trades in Class A shares in the customer's accounts. Mehringer evaded supervision by failing to obtain written permission from the customer and his member firm to exercise discretion before making trades in the accounts. The findings also included that Mehringer breached his fiduciary obligations by failing to organize and operate a charitable trust as a

tax-exempt charity and ensure that its funds were used for tax-exempt purposes, and not primarily to benefit a client's family. Because the entity was not in fact a charitable trust, the Hearing Panel declined to find violations as to the additional allegations that Mehringer breached his fiduciary obligations to the trust by commingling trust money with his own money when he invested in a property and investing trust funds recklessly in a nursing home. FINRA found that Mehringer made false and misleading statements to his firm about his use of trust funds, failed to disclose a customer complaint and his settlement with the customer and falsely told his firm he had not settled a customer complaint.

The sanctions are not in effect pending the review. ([FINRA Case #2014041868001](#))

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.

David A. Clark ([CRD #6520351](#), O'Fallon, Illinois)

May 3, 2018 – Clark was named a respondent in a FINRA complaint alleging that he made claims on a website and social media page for an eBook that he authored to promote his business as a registered representative of a broker dealer without providing a sound basis to evaluate the facts, and omitted material information that caused the statements to be misleading. The complaint alleges that Clark's website contained statements that were false, exaggerated, unwarranted, promissory or misleading. The statements were false, unwarranted and misleading because they indicated that customer returns would be absolutely protected from losses, would lead customers to believe that their investment was guaranteed in some way, and that merely following Clark's methods would ensure a secure retirement. The complaint also alleges that Clark created the website and social media page, but he failed to have them approved by an appropriately qualified registered principal of his member firm prior to those materials being available to the public. Clark also failed to disclose the firm's name on the website and the social media page. The complaint further alleges that the website and social media page contained testimonials, but failed to prominently disclose the information. Clark failed to disclose that testimonials regarding the website and social media page may not be representative or otherwise serve as guarantees for future performance. In addition, the complaint alleges that Clark failed to appear for FINRA on-the-record testimony without having been excused by FINRA, and to date has not contacted FINRA to reschedule the testimony. ([FINRA Case #2016050212201](#))

Windsor Street Capital, LP fka Meyers Associates, L.P. ([CRD #34171](#), New York, New York), Imtiaz A. Khan aka Raana Kahn ([CRD #4084250](#), New York, New York), Bruce Meyers ([CRD #1045447](#), New York, New York), Edwin Alberto Rodriguez ([CRD #4710962](#), Bronx, New York) and Arthur J. Tacopino ([CRD #2455892](#), Manalapan, New Jersey)

May 7, 2018 – The firm, Khan, Meyers, Rodriguez and Tacopino were named respondents in a FINRA complaint that alleged that the firm and its principals allowed associated persons to fraudulently abuse the firm’s average price, riskless principal and bond inventory accounts (collectively, the firm accounts) in order to reap ill-gotten gains at the expense of firm customers. The complaint alleges that in the first fraudulent scheme, Tacopino, with the assistance of Rodriguez, used the firm accounts to fraudulently allocate profitable trades to himself and other favored employees, and unprofitable trades to the firm’s customers as well as the firm itself. The firm, also with assistance from Rodriguez, used the firm accounts to systematically charge firm customers hidden markups and markdowns totaling approximately \$318,109.16, many of which were fraudulently excessive. Collectively, this misconduct resulted in more than \$905,000 in harm to customers. Tacopino directed Rodriguez, who was a firm order entry clerk, to purchase securities in the firm accounts without first designating the account for which the trade had been placed. Tacopino then delayed the allocation of those trades until after he learned how they had performed. If the price of one of the securities purchased in those trades rose, Tacopino directed Rodriguez or another individual to sell the position the same day. Tacopino then either allocated the profitable trade to his own account or permitted it to be allocated to accounts controlled by other employees. If the price of one of the securities purchased in the earlier trades declined, Tacopino directed Rodriguez to transfer the security to a customer or leave the security in the firm accounts. As a result of these fraudulent allocations, Tacopino profited on 98 percent of his day trades, giving him an annualized return of approximately 82 percent. In total, Tacopino reaped \$417,369 in illicit profits from the scheme, while firm customers suffered losses of at least \$515,000 because of trades fraudulently allocated to them. By engaging in this fraudulent allocation scheme, Tacopino willfully violated Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and violated FINRA Rule 2020. By the same fraudulent conduct, Tacopino acted in contravention of Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933 (Securities Act). Rodriguez knowingly or recklessly provided substantial assistance to Tacopino and the firm in carrying out their fraudulent schemes. The complaint also alleges that in the second fraudulent scheme, the firm imposed undisclosed and, in many instances, excessive markups and markdowns on customer trades. The firm, at the direction of Meyers and others, charged undisclosed markups and markdowns on 962 equity trades, resulting in secret profits for the firm totaling \$318,109.16. Approximately 199 of those trades included undisclosed markups that, when added to the disclosed commission, markup, or markdown, exceeded five percent of the firm’s contemporaneous cost. The undisclosed markups in the 199 trades totaled \$104,047.93. As a result of its conduct, the firm willfully violated Section 10(b) of the Exchange Act and Rules 10b-5 and 10b-10, and violated FINRA Rule 2020. By the same fraudulent conduct, the firm acted in contravention of Section 17(a) of the Securities Act.

The complaint further alleges that these fraudulent schemes continued for years because the firm and Meyers failed to establish, maintain and enforce supervisory systems, including WSPs, reasonably designed to prevent fraudulent, post-execution trade allocations and to prevent the imposition of undisclosed and excessive markups and markdowns. In addition, the complaint alleges that the firm failed to establish and implement AML policies and procedures that could be reasonably expected to detect and cause the reporting of transactions.

Moreover, the complaint alleges that the firm also failed to make and retain required books and records, including order tickets for hundreds of transactions relating to the fraudulent allocation scheme.

Furthermore, the complaint alleges that the firm allowed Khan and Rodriguez to function in capacities for which they were not registered and for which they had not passed the appropriate qualification exam.

The complaint also alleges that Meyers and Khan engaged in outside business activities involving a real estate and mergers and acquisitions advisory business without providing prior written notice to the firm. The complaint further alleges that the firm failed to report 14 customer complaints. In addition, the complaint alleges that the firm failed to timely produce documents and information requested by FINRA, only producing the information after FINRA notified the firm that it would be suspended pursuant to FINRA Rule 9552. ([FINRA Case #2016048912703](#))

Firms Cancelled for Failure to Pay Outstanding Fee Pursuant to FINRA Rule 9553

McNamee Lawrence Securities, LLC (CRD #46941)
Boston, Massachusetts
(May 1, 2018)

Toussaint Capital Partners, LLC (CRD #130290)
Freehold, New Jersey
(May 22, 2018)

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.)

CDK Financial Services, LLC (CRD #124333)
New York, New York
(May 11, 2018)

Mountain River Securities, Inc. (CRD #36937)
Denver, Colorado
(April 12, 2018 – May 25, 2018)

Firm Suspended for Failure to Pay Fees Pursuant to FINRA Rule 9553 (The date the suspension began is listed after the entry.

If the suspension has been lifted, the date follows the suspension date.)

Windsor Street Capital, LP (CRD #34171)
New York, New York
(May 30, 2018)

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.)

Fernando Enrique Acosta (CRD #6738058)
Nutley, New Jersey
(May 16, 2018)
FINRA Case #2018056929801

Paul Anthony Bustamante (CRD #4175542)
New York, New York
(May 16, 2018)
FINRA Case #2017056792301

Janna L. Carruth-Vogler (CRD #4559388)
Savannah, Georgia
(May 31, 2018)
FINRA Case #2017056062401

Xavier Dwight Clinton (CRD #6825688)
Houston, Texas
(May 3, 2018)
FINRA Case #2017055825701

Thomas Matthew Dunlap (CRD #5396486)
Mason, Ohio
(May 30, 2018)
FINRA Case #2017053299601

Saima Ashraf Durrani (CRD #4457635)
Palos Heights, Illinois
(May 10, 2018)
FINRA Case #2017055370601

Joshua David Ellis (CRD #5500165)
Kennesaw, Georgia
(May 31, 2018)
FINRA Case #2017056094101

James Benjamin Farris (CRD #5174495)
Cotati, California
(May 7, 2018)
FINRA Case #2017053325801

Samuel LaWayne Haddix (CRD #4427350)
Memphis, Tennessee
(May 10, 2018)
FINRA Case #2017052994901

Mark Anthony Hernandez (CRD #5331133)
Pomona, California
(May 3, 2018)
FINRA Case #2017054827901

Christopher Lee Hibbard (CRD #3176484)
LaGrange, Kentucky
(May 10, 2018)
FINRA Case #2018057148601

Abed William Lulu (CRD #2625609)
Farmingdale, New York
(May 7, 2018)
FINRA Case #2017055568801

Michael Ray Matos (CRD #6460694)
Lake Hopatcong, New Jersey
(May 16, 2018)
FINRA Case #2017056198201

Michael Patrick Nanto (CRD #6321656)
Valley Center, California
(May 24, 2018)
FINRA Case #2017054342001

Albert John Papada (CRD #5081539)
Hazle Township, Pennsylvania
(May 3, 2018)
FINRA Case #2017054892501

Zachary T. Rawson (CRD #6701857)
Indianapolis, Indiana
(May 3, 2018)
FINRA Case #2017055785201

Anteneh A. Roberts (CRD #6414549)
Redford, Michigan
(May 24, 2018)
FINRA Case #2017055248402

Jeanette Marie Sanchez (CRD #4381110)
Fortuna, California
(May 16, 2018)
FINRA Case #2018056889701

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.)

Alan Demond Garrett (CRD #4853671)
Justin, Texas
(May 4, 2018)
FINRA Case #2018057400801

Shawn Arthur Goding (CRD #6713102)
Baltimore, Maryland
(May 29, 2018 – June 1, 2018)
FINRA Case #2018057145401

Ramon Arturo Herrera (CRD #6021170)
Jersey City, New Jersey
(May 7, 2018)
FINRA Case #2018057425101

Michael Dennis Jackson (CRD #2784958)
University Place, Washington
(March 2, 2018 – May 8, 2018)
FINRA Case #2017055684101

Mandee Khu (CRD #6108009)
Henderson, Nevada
(May 10, 2018)
FINRA Case #2017056199101

Spencer Joseph Lassetter (CRD #6559760)
Phoenix, Arizona
(February 26, 2018 – May 8, 2018)
FINRA Case #2017055914301

Andrea Marie Milinkovic (CRD #1977589)
Pittsburgh, Pennsylvania
(February 23, 2018 – May 8, 2018)
FINRA Case #2017056174601

Stephen Allen Murray (CRD #343722)
Lake Worth, Florida
(May 29, 2018)
FINRA Case #2017054614801

George James Oldoerp (CRD #1852219)
Corona, California
(May 7, 2018)
FINRA Case #2017056135601

Mary E. Olsen (CRD #6560588)
Paris, Texas
(May 10, 2018)
FINRA Case #2018057299101

Paul Joseph Prestia (CRD #4477149)
Astoria, New York
(May 21, 2018)
FINRA Case #2015046213101

Amanda Justine Sarabia (CRD #6437164)
El Paso, Texas
(May 21, 2018 – May 24, 2018)
FINRA Case #2018057635001

David Warren Taylor (CRD #3235144)
Franklin, North Carolina
(May 21, 2018)
FINRA Case #2017056669401

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

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

Anthony Carpenter (CRD #4142453)
New Port Richey, Florida
(April 1, 2011 – May 21, 2018)
FINRA Arbitration Case #09-07225

James Benjamin Fellus (CRD #1224870)
Dix Hills, New York
(May 8, 2017 – May 3, 2018)
FINRA Arbitration Case #12-04000

Robert Lee Maupin (CRD #5736902)
Jacksonville, Florida
(May 8, 2018)
FINRA Arbitration Case #14-01764

Gary Lee Wright (CRD #2089462)
Medina, Ohio
(May 21, 2018)
FINRA Arbitration Case #13-01192

Press Releases

FINRA Sanctions Fifth Third Securities, Inc., \$6 Million for Cost and Fee Disclosure Failures and Unsuitable Recommendations Related to Variable Annuity Exchanges

FINRA announced it has fined [Fifth Third Securities, Inc.](#), \$4 million and required the firm to pay approximately \$2 million in restitution to customers for failing to appropriately consider and accurately describe the costs and benefits of variable annuity (VA) exchanges, and for recommending exchanges without a reasonable basis to believe the exchanges were suitable. This is the second significant FINRA enforcement action against Fifth Third involving the firm's sale of variable annuities.

Variable annuities are complex investments commonly marketed and sold to retirees or people saving for retirement. Exchanging one VA with another involves a comparison of the complex features of each security. Accordingly, VA exchanges are subject to regulatory requirements to ensure that brokers have a reasonable basis to recommend them, and their supervisors have a reasonable basis to approve the sales.

FINRA found that Fifth Third failed to ensure that its registered representatives obtained and assessed accurate information concerning the recommended VA exchanges. It also found that the firm's registered representatives and principals were not adequately trained on how to conduct a comparative analysis of the material features of the VAs. As a result, the firm misstated the costs and benefits of exchanges, making the exchange appear more beneficial to the customer. By reviewing a sample of VA exchanges that the firm approved from 2013 through 2015, FINRA found that Fifth Third misstated or omitted at least one material fact relating to the costs or benefits of the VA exchange in approximately 77 percent of the sample. For example:

Fifth Third overstated the total fees of the existing VA or misstated fees associated with various additional optional benefits, known as riders.

Fifth Third failed to disclose that the existing VA had an accrued living benefit value, or understated the living benefit value, which the customer would forfeit upon executing the proposed exchange.

Fifth Third represented that a proposed VA had a living benefit rider even though the proposed VA did not, in fact, include a living benefit rider.

FINRA found that the firm's principals ultimately approved approximately 92 percent of VA exchange applications submitted to them for review. However, in light of the firm's supervisory deficiencies, the firm did not have a reasonable basis to recommend and approve many of these transactions.

Susan Schroeder, FINRA's Executive Vice President and Head of Enforcement, said, "FINRA remains vigilant in examining how member firms market variable annuities, which are complex products pitched to retirees and people saving for retirement. Returning \$2 million in restitution to harmed investors is a key part of FINRA's investor protection mission."

In addition, FINRA found that Fifth Third failed to comply with a term of its 2009 settlement with FINRA. In the 2009 action, FINRA found that, from 2004 to 2006, Fifth Third effected 250 unsuitable VA exchanges and transactions and had inadequate systems and procedures governing its VA exchange business. For more than four years following the settlement, the firm failed to fully implement an independent consultant's recommendation that it develop certain surveillance procedures to monitor VA exchanges by individual registered representatives.

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

FINRA Fines ICBCFS \$5.3 Million for Anti-Money Laundering Compliance Deficiencies and Other Violations

FINRA announced that it has fined [Industrial and Commercial Bank of China Financial Services LLC \(ICBCFS\)](#) \$5.3 million for systemic anti-money laundering (AML) compliance failures, including its failure to have a reasonable AML program in place to monitor and detect suspicious transactions, as well as other violations, including financial, recordkeeping, and operational violations.

In late 2012, ICBCFS began clearing and settling equity transactions. Within a few months of launching its new business line, ICBCFS took on thousands of new customers, many of whom began purchasing and selling millions of dollars' worth of penny stocks. From January 2013 through September 2015, ICBCFS cleared and settled the liquidation of more than 33 billion shares of penny stocks, which generated approximately \$210 million for ICBCFS's customers.

However, despite clearing and settling billions of penny stock shares, ICBCFS failed to have in place a reasonably designed AML program to detect and cause the reporting of potentially suspicious transactions, particularly those involving penny stocks. FINRA found that prior to June 2014, ICBCFS had no surveillance reports that monitored potentially suspicious penny stock liquidations, and did not require its employees to document their review of the surveillance reports it did have in place. FINRA further found that ICBCFS lacked systems and procedures to monitor whether certain business activities were unusual for any given customer, despite the firm's written AML procedures specifically identifying such items as red flags requiring monitoring. ICBCFS also assigned critical suspicious activity monitoring duties to a non-existent employee title, and these duties were not performed effectively by any firm employees. As a result of its unreasonable AML

supervisory system, ICBCFS failed to detect or reasonably investigate red flags of potentially suspicious activity involving the penny stock transactions run through the firm.

Susan Schroeder, FINRA Executive Vice President, Department of Enforcement, said, “Member firms are obligated to implement an AML program that is reasonably designed to address the unique money laundering risks posed by their business. Firms that engage in high-risk activities such as penny stock clearing are the gatekeepers to the market and must establish a reasonable supervisory system to detect and report suspicious trading activity.”

ICBCFS was notified in June 2014 by the Securities and Exchange Commission (SEC) in connection with an examination that its customers were engaged in penny stock trading that raised red flags of potentially suspicious activity which the firm did not detect or report. Despite this notice, ICBCFS failed to make necessary changes to its AML program to adequately monitor this type of activity. Also, the firm did not disclose the large amount of its penny stock clearing activity to its independent AML auditor, even after being notified about its customers’ potentially suspicious penny stock trading by the SEC. Additionally, FINRA found that ICBCFS’s compliance testing of its AML program was inadequate and failed to uncover any of the deficiencies in the firm’s trade monitoring.

In settling [this matter](#), ICBCFS neither admitted nor denied the charges, but consented to the entry of FINRA’s findings. The SEC also announced today that ICBCFS agreed to pay an \$860,000 penalty in a separate action involving AML and other violations by the firm. FINRA thanks the SEC for its coordination on this matter.