

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Alexander Capital, L.P. ([CRD® #40077](#), New York, New York) and Thomas Francis Sullivan ([CRD #1145000](#), Floral Park, New York)

October 31, 2019 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$45,000, and Sullivan was fined \$5,000, suspended from association with any FINRA® member in any financial and operations principal (FINOP) capacity for one month and required to requalify by examination as a FINOP. Without admitting or denying the findings, the firm and Sullivan consented to the sanctions and to the entry of findings that the firm conducted a securities business while failing to maintain its minimum net capital requirement. The findings stated that as the firm's FINOP, Sullivan was responsible for, among other things, calculating the firm's net capital and maintaining the accuracy of its general ledger, trial balance and balance sheet. Sullivan misclassified receivables in part because he failed to take reasonable steps to understand the nature of these receivables. The firm, acting through Sullivan, failed to correctly classify certain receivables as non-allowable, including referral fees from an affiliated fund and other investment banking fees the firm had not yet received. The findings also stated that Sullivan caused the firm's books and records to be inaccurate. Sullivan was responsible for the accuracy of the firm's Financial and Operational Combined Uniform Single (FOCUS) reports. Due to its misclassification of certain receivables and failure to use the correct minimum required net capital the firm failed to prepare accurate net capital computations and submitted inaccurate FOCUS reports. Due to its failure to properly record a liability arising from an SEC administrative proceeding, the firm maintained an inaccurate general ledger and failed to prepare accurate net capital computations. The findings also included that the firm made a material change in its business operations by participating in firm commitment offerings without receiving approval from FINRA to do so. The firm's membership agreement did not permit it to participate in firm commitment offerings.

The suspension is in effect from November 18, 2019, through December 17, 2019. ([FINRA Case #2016047616401](#))

Reported for December 2019

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

Firms Fined

ABN AMRO Clearing Chicago LLC ([CRD #14020](#), Chicago, Illinois)

October 3, 2019 – 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 understated the portfolio margin requirements for accounts at various points in time. The findings stated that the firm incorrectly treated certain over-the-counter (OTC) equity securities, which are not margin eligible, as marginable securities. As a consequence, the firm understated the margin requirements for these accounts by millions of dollars. The firm mistakenly categorized the OTC traded equities at issue as margin eligible because of an incorrect definition of margin eligible securities used by the firm. After the problem was identified by FINRA, the firm corrected the issue. ([FINRA Case #2016049875801](#))

Dougherty & Company LLC ([CRD #7477](#), Minneapolis, Minnesota)

October 14, 2019 – An AWC was issued in which the firm was censured, fined \$25,000 and required to revise its written supervisory procedures (WSPs). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to make timely submissions or to submit accurate information regarding the result of an interest rate reset for variable rate demand obligations to the Municipal Securities Rulemaking Board's (MSRB) Short-Term Obligation Rate Transparency (SHORT) system. The findings stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its obligation to make accurate and timely submissions to the SHORT system. ([FINRA Case #2017053206501](#))

Apex Clearing Corporation ([CRD #13071](#), Dallas, Texas)

October 15, 2019 – An AWC was issued in which the firm was censured and fined \$140,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to comply with FINRA's short interest reporting requirements and related supervision obligations. The findings stated that the firm experienced an issue in its short interest reporting logic that excluded certain short interest positions from its submissions to FINRA. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with its short interest reporting obligations. Specifically, the firm failed to establish and maintain a supervisory system, including WSPs, to confirm that its reporting system captured all reportable short interest positions. Moreover, the firm did not have a supervisory system to review for the accuracy of its short interest positions reported to FINRA. ([FINRA Case #2016049448301](#))

Insight Securities, Inc. ([CRD #5611](#), Highland Park, Illinois)

October 17, 2019 – An AWC was issued in which the firm was censured and fined \$30,000. No restitution is provided for in the AWC as the firm already paid restitution to the affected customers. Without admitting or denying the findings, the firm consented to the sanctions

and to the entry of findings that its pricing of corporate bond transactions traded for its own account failed to be fair taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved, and the fact that the firm was entitled to a profit. The findings stated that some of the trades involved mark-ups or mark-downs greater than five percent. The foregoing conduct was limited to one branch office of the firm and stemmed from insufficient training. ([FINRA Case #2016052226801](#))

RBC Capital Markets, LLC ([CRD #31194](#), New York, New York)

October 17, 2019 – An AWC was issued in which the firm was censured, fined \$2,900,000 and required to provide a written certification to FINRA that it has established and implemented a supervisory system and written procedures reasonably designed to achieve compliance with FINRA rules and the federal securities laws applicable to prospectus delivery. 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 supervisory system governing the delivery of prospectuses for exchange-traded funds (ETFs), exchange-traded notes (ETNs) and mutual funds and failed to enforce its WSPs. The findings stated that the firm's prospectus delivery process for ETFs and ETNs involved manually inputting coding for individual securities into third-party software to trigger the delivery of a prospectus when a customer purchased the security. The firm relied on a single employee to manually assign the trailer codes to ETFs and ETNs on a security-by-security basis and had no supervisory systems or controls in place to monitor or supervise the employee's performance of these duties. As a result, the firm did not detect that the employee had inadvertently caused the system to overwrite the trailer codes that triggered prospectus delivery and failed to identify new ETFs and ETNs requiring a trailer code. Even after discovering the extent of the coding errors, the firm's efforts to address the issues were not effective. The firm's supervisory system related to prospectus delivery for mutual funds also was not reasonably designed. The firm merged with an affiliate and began using a new automated vendor system to identify mutual fund purchases requiring prospectus delivery. The vendor system did not correctly designate for prospectus delivery certain customer mutual fund orders placed through the firm's managed accounts platform. The firm's supervisory system included a written procedure obligating it to designate an employee to conduct periodic supervisory reviews to determine whether products were properly coded for prospectus delivery. However, with respect to mutual funds, the firm failed to assign these supervisory duties, thereby failing to enforce this procedure, and thus these duties were not performed for more than eight years. As a result, the absence of appropriate coding for at least hundreds of thousands of mutual fund purchases was not discovered until FINRA's investigation into this matter. The findings also stated that the firm failed to establish, maintain or enforce supervisory controls to test and verify that it was delivering ETF, ETN and mutual fund prospectuses where required. The absence of any testing by the firm in this area was particularly problematic given its prior disciplinary history, the fact that it added a new vendor system for mutual fund prospectus delivery and its reliance

on one individual to manually code ETFs and ETNs with no supervisory oversight. These failures prevented the firm from detecting the significant ETF, ETN and mutual fund prospectus delivery failures and related supervisory deficiencies. The firm also failed to test the system modifications and surveillance procedures put in place to address the ETF and ETN coding errors that were previously discovered. This lack of post-implementation testing prevented the firm from identifying the failures that caused these new processes not to be implemented properly. The findings also included that the firm failed to deliver prospectuses where required for ETF, ETN and mutual fund purchases due to its failure to have reasonable supervisory systems and controls in place. ([FINRA Case #2015046652401](#))

Wallachbeth Capital LLC ([CRD #147853](#), Jersey City, New Jersey)

October 18, 2019 – An AWC was issued in which the firm was censured and fined \$60,000. 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 written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations that did not fall within an exception, in violation of Rule 611(a) of Regulation NMS (Reg NMS) of the Securities Exchange Act of 1934. The findings stated that the firm failed to establish procedures to ensure that it was employing intermarket sweep orders (ISOs) appropriately when claiming an exception to Reg NMS Rule 611(a). The firm failed to implement reasonably designed supervisory procedures or reviews to ensure that it was properly claiming trade-through exceptions as required. The firm's Reg NMS WSPs were not reasonably designed to achieve compliance with Rule 611(a). Although the firm's WSPs stated that a supervisor must review trade-throughs, the WSPs failed to provide supervisors with guidance on how to review trade-throughs to assist them in achieving compliance with Rule 611. Specifically, the WSPs did not identify or otherwise describe reviews to determine whether claimed exceptions to Rule 611 were valid. The findings also stated that the firm executed an agency ISO that was inferior to at least one displayed quotation and failed to access available liquidity from one or more displayed quotations at the respective time of execution. By failing to route ISOs simultaneously against the full displayed size of any protected quotation, the firm failed to use reasonable diligence to ascertain the best market for the subject securities and failed to buy or sell in such markets so that the resultant prices to the customers were as favorable as possible under prevailing market conditions. ([FINRA Case #2016048444001](#))

World Equity Group, Inc. ([CRD #29087](#), Arlington Heights, Illinois)

October 18, 2019 – An AWC was issued in which the firm was censured and fined \$18,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine (TRACE®) transactions in TRACE-eligible corporate debt securities within the time required. The findings stated that the firm's late reporting resulted from delays caused by firm employees and untimely amendments or corrections made to TRACE reports previously submitted by the firm or its clearing firm. ([FINRA Case #2016052072601](#))

Beta Capital Securities LLC ([CRD #38964](#), Miami, Florida)

October 21, 2019 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report to TRACE transactions in TRACE-eligible corporate debt securities. The findings stated that the firm’s late reporting violations were the result of manual reporting and its corrections to erroneous TRACE reports. The findings also stated that certain firm traders improperly bunched the reporting of smaller transactions into a single transaction report resulting in the firm failing to accurately report to TRACE transactions in TRACE-eligible securities. ([FINRA Case #2016048835401](#))

Canaccord Genuity LLC ([CRD #1020](#), New York, New York)

October 21, 2019 – An AWC was issued in which the firm was censured and fined \$80,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely close out fail to deliver positions and executed short sale orders while in the penalty box. The findings stated that rather than purchase or borrow securities of like kind and quantity by market open on the close out date, the firm generally displayed at market open a bid-only quote to the OTC markets at the minimum quote size, which, on some occasions, was less than the number of shares necessary to close out the fail to deliver position. In addition, the firm executed short sale orders in equity securities for which it had a fail to deliver position that it had not yet closed out without having first borrowed or entered into a bona fide arrangement to borrow the securities. The findings also stated that because the firm’s close out practices in connection with its market making activities were inconsistent with the requirements of Rule 204(a)(3) of Regulation SHO, the firm’s supervisory system and WSPs were not reasonably designed to achieve compliance with the rule. ([FINRA Case #2018057116501](#))

Aurora Capital LLC ([CRD #37924](#), Bridgehampton, New York)

October 31, 2019 – An AWC was issued in which the firm was censured, fined \$15,000, ordered to certify to FINRA that it has adopted and implemented policies, procedures and systems that are reasonably designed to address each of the areas of conduct identified in the AWC, that it has completed a risk-based retrospective review of electronic communications sent or received by its associated personnel reasonably designed to achieve compliance with FINRA Rule 3110(b)(4) and that it has completed an inspection of each of its offices to achieve compliance with FINRA Rule 3110(c). 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 meet its obligations to evaluate and document various aspects of the outside business activity of one of its registered representatives. The findings stated that the representative generated a majority of the firm’s revenue. The firm knew that the representative had previously engaged in undisclosed private securities transactions and had previously been the subject of a FINRA disciplinary action for engaging in them. The firm failed to reasonably evaluate the outside business activity disclosed by the

representative to determine whether investments in it typically constitute securities transactions. The findings also stated that the firm failed to establish, maintain and enforce a reasonable supervisory system, including WSPs, concerning the review of electronic communications. The firm's WSPs did not provide guidance as to the quantity of emails that would be reviewed, irrespective of how they were selected, or set forth other risk-based procedures that it would utilize to conduct the review. Moreover, notwithstanding that its WSPs referenced the potential use of keywords or phrases, the firm did not attempt to develop such a list until late in the email violation period. The firm's principal responsible for email review admitted that he did not conduct regular, documented reviews of electronic communications. The findings also included that the firm failed to conduct inspections of any of its offices and its WSPs lacked the required office inspection schedule and explanation for the frequency of such inspections. ([FINRA Case #2016050784101](#))

Individuals Barred

Cristina Sabengsy ([CRD #6304970](#), Gilberts, Illinois)

October 2, 2019 – An AWC was issued in which Sabengsy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sabengsy consented to the sanction and to the entry of findings that she forged the signatures of her customers in order to facilitate unauthorized insurance transactions and obtain commissions on those transactions. The findings stated that the transactions related to purchasing a variable annuity policy for one customer and to converting another customer's term life insurance policy to a whole life insurance policy. Neither customer was aware of, authorized, or consented to these transactions. After learning of the purchase, the first customer chose to keep the variable annuity policy although she did not contemporaneously authorize the purchase. Sabengsy's member firm reinstated the second customer's original term life insurance policy and refunded the premiums he paid associated with the whole life insurance policy. The findings also stated that, while associated with the firm, Sabengsy forged customer signatures on other documents related to the purchase of term life insurance policies and a whole life insurance policy. Although in these instances the underlying transactions were authorized, the customers did not authorize Sabengsy to sign their names on the documents. Sabengsy forged the customers' signatures in order to advance the receipt of commissions. ([FINRA Case #2018057717301](#))

Benjamin Benoit Lowder Jr. ([CRD #3014106](#), Charlotte, North Carolina)

October 3, 2019 – An AWC was issued in which Lowder was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lowder consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of an investigation that began after it learned of investor-related civil lawsuits disclosed in amended Uniform Termination Notice for Securities Industry Registration (Form U5) forms submitted by his former

member firm. The findings stated that the civil lawsuits alleged unfair and deceptive trade practices and state securities fraud regarding investments in fictitious entities. ([FINRA Case #2017054137001](#))

Michael D'Aquila ([CRD #6541088](#), Johnston, Rhode Island)

October 8, 2019 – An AWC was issued in which D'Aquila was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, D'Aquila consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during an investigation of him that commenced after it learned of the conduct disclosed in a Form U5 submitted by his former member firm. The findings stated that the Form U5 stated that D'Aquila was terminated for conduct inconsistent with firm standards related to personal bank accounts and failure to be forthcoming during the firm's review of the matter. ([FINRA Case #2018060959501](#))

Jaime Michael Westenbarger ([CRD #4625703](#), Ada, Michigan)

October 8, 2019 – An AWC was issued in which Westenbarger was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Westenbarger consented to the sanction and to the entry of findings that he failed to provide documents requested by FINRA during the course of an investigation that commenced after it learned of the conduct disclosed in a Form U5 submitted by his former member firm. The findings stated that Westenbarger provided a partial response but did not substantially comply with all aspects of FINRA's request. The form U5 submitted by the firm disclosed that his termination was for a violation of firm policies and procedures regarding borrowing funds from clients. ([FINRA Case #2019063681501](#))

Aarti Hinal Patel ([CRD #5614912](#), Lewis Center, Ohio)

October 9, 2019 – An AWC was issued in which Patel was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Patel consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA. The findings stated that Patel's member firm filed a Form U5 stating that its affiliate bank had terminated her employment for violating the affiliate bank's policy governing personal finances by making numerous cash deposits into her personal affiliate bank account, and an affiliate bank business account of her spouse, under the currency transaction reporting threshold. ([FINRA Case #2018060040901](#))

Stephen John Klinger ([CRD #1294139](#), Asheville, North Carolina)

October 10, 2019 – An AWC was issued in which Klinger was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Klinger consented to the sanction and to the entry of findings that he refused to provide documents and information to FINRA related to the termination explanation provided in a Form U5 submitted by his former member firm. The findings stated that the Form U5 disclosed that the firm had discharged Klinger and stated that he deposited a firm client's

funds into his own account to trade options. The option trading resulted in the loss of all the client's funds. The client sued Klinger and the firm in state court serving process on Klinger only. Klinger did not report the lawsuit to the firm and settled the lawsuit without informing the firm. Ultimately, the firm made the customer whole. ([FINRA Case #2019061847901](#))

Bradley Carl Reifler ([CRD #1589414](#), Millbrook, New York)

October 10, 2019 – Reifler appealed a National Adjudicatory Council (NAC) decision to the Securities and Exchange Commission (SEC). The NAC barred Reifler from associating with any FINRA member in any capacity because he refused to answer FINRA's questions during on-the-record testimony concerning his involvement in a fraudulent misappropriation scheme. The bar remains in effect pending review. ([FINRA Case #2016050924601](#))

Maureen Ann Scalzo ([CRD #1349675](#), Ridgefield, Connecticut)

October 10, 2019 – An AWC was issued in which Scalzo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Scalzo consented to the sanction and to the entry of findings that she declined to appear for on-the-record testimony and to participate in FINRA's investigation into possible alteration or falsification of customer forms submitted to her member firm. ([FINRA Case #2018059088001](#))

Louis Mark Miller ([CRD #3054955](#), Syosset, New York)

October 14, 2019 – An Offer of Settlement was issued in which Miller was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Miller consented to the sanction and to the entry of findings that he failed to provide documents and information and appear for on-the-record testimony requested by FINRA in connection with its investigation into allegations that he improperly exercised discretion in customer accounts without prior written authorization. ([FINRA Case #2017056829901](#))

Jason Lee Ballor ([CRD #6853439](#), Salt Lake City, Utah)

October 15, 2019 – An AWC was issued in which Ballor was barred from association with any FINRA funding portal member in all capacities. Without admitting or denying the findings, Ballor consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony and provide documents and information requested by FINRA during an investigation of his FINRA funding portal member firm. ([FINRA Case #2019064149701](#))

Daniel Gordon Maughan ([CRD #2561363](#), Los Angeles, California)

October 15, 2019 – An Offer of Settlement was issued in which Maughan was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Maughan consented to the sanction and to the entry of findings that he willfully violated Section 10(b) of the Exchange Act of 1934, and Rule 10b-5 thereunder, and also violated FINRA Rules 2020 and 2010 by churning and excessively trading the trust account of two customers, a married couple. Maughan exercised de facto control over the trust account and made all investment decisions in it, including what securities to buy and sell, the quantities of the securities to buy and sell and when each transaction would occur. The level of activity in the trust account was inconsistent with the customers' objectives and financial situation. Through Maughan's churning of the trust account and by seeking to maximize his own financial benefit at the expense of his customers, he acted either with the intent to defraud (scienter) or with reckless disregard for the customers' interests. The findings stated that Maughan executed trades in the trust account with a principal value of all purchases and sales in excess of \$70 million. Maughan's churning and excessive trading generated commissions and costs totaling approximately \$841,000 while causing the account to incur realized and unrealized losses of approximately \$812,000. The findings also stated that the trading was excessive and quantitatively unsuitable for the customers—as evidenced by the annualized turnover rate and the annualized cost-to-equity ratio, as well as the size and frequency of the transactions. Maughan did not have reasonable grounds or a reasonable basis to believe that the number of recommended transactions and the level of activity in the account were suitable for the customers in light of their investment objectives and financial situation. The findings also stated that Maughan recommended qualitatively unsuitable trades in the trust account because he lacked a reasonable basis to believe that his recommended transactions were suitable for the customers since the trading was inconsistent with the customers' investment objectives. ([FINRA Case #2017054755206](#))

Dawn Bennett ([CRD #1567051](#), Chevy Chase, Maryland)

October 16, 2019 – An OHO decision became final in which Bennett was barred from association with any FINRA member in all capacities. The sanction was based on findings that Bennett failed to respond to FINRA's requests for the production of documents and information when it began investigating her for possible rule violations including, conversion, fraud, and private securities transactions. The findings stated that Bennett also failed to appear and provide an on-the-record testimony requested by FINRA. ([FINRA Case #2015047682402](#))

Elton Norman ([CRD #6402086](#), Springfield, Missouri)

October 16, 2019 – An AWC was issued in which Norman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Norman consented to the sanction and to the entry of findings that he refused to provide documents requested by FINRA after it began an investigation into possible irregularities contained in certain documents pertaining to his customers at his member firm. ([FINRA Case #2018057815601](#))

John Michael Elias Saad ([CRD #2185911](#), Atlanta, Georgia)

October 17, 2019 – Saad appealed an SEC decision to the Court of Appeals for the District of Columbia. The SEC affirmed Saad's bar from association with any FINRA member in any capacity. The U.S. Court of Appeals for the District of Columbia Circuit had remanded the matter to the SEC to determine whether the U.S. Supreme Court decision in *Kokesh v. SEC*, 137 S. Ct. 1635 (2017) had any bearing on the matter. The SEC held that the U.S. Supreme Court decision had no bearing on the determination and FINRA's disciplinary action should be sustained. The sanction was based on findings that Saad misappropriated his member firm's funds, with his prolonged pattern of falsehoods and deception. The findings stated that Saad submitted false expense reports, forged receipts and lied to investigators. The bar is in effect pending the appeal. ([FINRA Case #2006006705601](#))

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

October 18, 2019 – An AWC was issued in which Mehringer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Mehringer consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of an examination involving possible unsuitable trading and other misconduct, in contravention of certain securities rules or regulations. ([FINRA Case #2019061994701](#))

Preston Kaishen Tsao ([CRD #1892935](#), New York, New York)

October 18, 2019 – An AWC was issued in which Tsao was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tsao consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation of him that was later expanded to include allegations contained in his member firm's Form U5 amendment. The findings stated that the firm stated in the Form U5 that Tsao resigned after allegations had been made that he obtained a \$9,000 cash advance directly from one of the firm's clients. ([FINRA Case #2018057865701](#))

Donna Marie Pitts ([CRD #2708516](#), Concord, North Carolina)

October 23, 2019 – An AWC was issued in which Pitts was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pitts consented to the sanction and to the entry of findings that she converted \$100,079 from her member

firm's transfer agent affiliate. The findings stated that in her role as mutual fund operations manager at the affiliate, Pitts had access to funds deposited into the affiliate by employers on behalf of former employees rolling over money from those employers' retirement plans. Pitts electronically transferred specific amounts earmarked for employer-sponsored plan participants to her personal checking and savings accounts. Pitts then created fictitious accounting entries in the auto-reconciliation tool used by the affiliate to cancel out the funds moved to her personal accounts. As a result, the affiliate unwittingly funded the participants' plans with its own money. Pitts knew that the funds did not belong to her and she made each of the transfers without the affiliate's knowledge or consent. After admitting her misconduct to the affiliate and her firm, Pitts repaid the affiliate the full amount she had converted. ([FINRA Case #2019063532801](#))

Wessam Baiz ([CRD #6501692](#), Toledo, Ohio)

October 25, 2019 – An AWC was issued in which Baiz was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Baiz consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA. The findings stated that Baiz's member firm terminated his association and indicated on his Form U5 that he failed to meet the terms and expectations of a heightened supervision plan he was placed on by the firm for failure to disclose an outside business activity. ([FINRA Case #2018059632301](#))

Stuart Blake Nichols ([CRD #4932310](#), Birmingham, Alabama)

October 25, 2019 – An AWC was issued in which Nichols was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Nichols consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation of him for possible excessive trading in customer accounts at his member firm. ([FINRA Case #2018060875701](#))

Oscar Nunez ([CRD #6014411](#), North Bergen, New Jersey)

October 25, 2019 – An Office of Hearing Officers (OHO) decision became final in which Nunez was barred from association with any FINRA member in all capacities and ordered to pay \$7,800, plus interest, in restitution to customers. The sanctions were based on findings that Nunez misused and converted an elderly customer's funds. The findings stated that Nunez told the customer that she had to make an upfront payment of \$5,000 to cover anticipated commissions for new accounts she opened at Nunez' member firm. The customer gave Nunez a check for that amount, made out to him personally. Nunez deposited the check into his personal checking account, which was overdrawn, and within a few days withdrew \$2,800 in cash from the checking account and transferred \$1,000 to his personal savings account, which had just \$10 in it. No trading took place in the customer's account during this time. Later, Nunez asked the customer for another payment—this time for \$2,000. Nunez told the customer that the payment was supposed to cover commissions

on her accounts for the next year. The customer gave Nunez a personal check for \$2,000, which he deposited into his savings account. Nunez's savings account was overdrawn and the checking account held less than \$20. Within a few days, Nunez transferred \$500 to his checking account, wrote a check to himself for \$500 and withdrew \$1,000 in cash. The customer incurred no commissions because no trading occurred in her accounts at the firm. The firm was unaware that Nunez had asked the customer to pay for commissions in advance; therefore, it never approved such payments. Had the customer incurred commissions, they would have been payable to the firm, not to Nunez. When the firm later learned of the customer's \$2,000 payment to Nunez, it ordered him to reimburse her, which he did. The firm did not know about the customer's first payment for \$5,000; therefore, it did not instruct Nunez to return the money. To date, Nunez has not repaid the customer the \$5,000. The findings also stated that Nunez asked for and received a \$4,000 loan from another customer. Nunez did not sign a loan agreement and no written terms exist regarding the loan. At the time of the filing of FINRA's Complaint, Nunez had repaid the customer just \$1,200. Nunez never told the firm that he had borrowed money from the customer. In fact, Nunez told the firm's chief compliance officer (CCO) that he had not received money from any other customer besides the \$2,000 from the elderly customer, which the firm already knew about. That same day, Nunez signed a firm attestation falsely stating that he had not taken any other money, or accepted any gifts exceeding \$100, from any other customers while at the firm. The findings also included that Nunez falsely told FINRA that he did not take additional funds from customers when it sent him a request for documents and information regarding whether he had received any funds from firm customers, other than the \$2,000 previously disclosed to the firm. As a result, FINRA could not adequately investigate Nunez's activities. ([FINRA Case #201705553002](#))

Jefferey William Dyra ([CRD #6785909](#), Orland Park, Illinois)

October 29, 2019 – An AWC was issued in which Dyra was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dyra consented to the sanction and to the entry of findings that he refused to produce documents and information requested by FINRA during the course of an investigation into whether he had misappropriated funds from a customer of an affiliate of his member firm or otherwise engaged in any misconduct that violated federal securities laws or regulations or FINRA rules. ([FINRA Case #2019063228001](#))

Ronald James Knight aka Ramone Knight ([CRD #5265446](#), Perry Hall, Maryland)

October 29, 2019 – An AWC was issued in which Knight was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Knight consented to the sanction and to the entry of findings that he converted funds from his member firm. The findings stated that Knight falsified expense reports and submitted them to his firm in order to obtain reimbursement totaling approximately \$3,900 to which he was not entitled. Out of these reimbursement requests, approximately \$1,100 related to expenses, such as dinners and drinks, that Knight had not personally incurred because someone other than him paid for those expenses. The remaining expenses were personal expenses, which Knight mischaracterized as business expenses in expense reports he submitted to the firm. ([FINRA Case #2017056047701](#))

Individuals Suspended

Brian Daniel Parker ([CRD #2161106](#), Covington, Louisiana)

October 1, 2019 – An AWC was issued in which Parker was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Parker consented to the sanctions and to the entry of findings that he directed his assistant to impersonate a customer in order to obtain a change in beneficiary form for an insurance account that the customer held directly with the insurance company. The findings stated that while Parker was obtaining the information as an accommodation to the customer, he explicitly instructed his assistant to get around the insurance company's privacy policies by pretending to be the customer. The findings also stated that Parker forged a second customer's initials on a suitability form and falsified a transfer of assets form for that customer's account by reusing a previously-executed signature page from another form.

The suspension is in effect from October 7, 2019, through February 6, 2020. ([FINRA Case #2017055973101](#))

Peter Allan Earp ([CRD #4224268](#), Farmington, Minnesota)

October 2, 2019 – An AWC was issued in which Earp was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Earp consented to the sanctions and to the entry of findings that he falsified a form and an attachment to the form to effect a customer's request that Earp transfer securities from an account the customer held jointly with his brother at another institution to the customer's account held at Earp's member firm. The findings stated that Earp advised the customer of his belief that the customer, as a joint accountholder, had the authority to transfer the securities without his brother's consent. However, upon reviewing the transfer form, Earp realized that the form, in fact, required the names and signatures of all of the accountholders on the account from which the securities would be transferred. Notwithstanding the requirements of the transfer form, Earp believed the requirement was administrative and that in practice the firm did not require the signature of the customer's brother to transfer the securities. In order to effect the transfer for the customer and minimize the risk that the firm would administratively reject the transfer request, Earp falsified the transfer form by omitting the name of the customer's brother, without the customer's knowledge. In addition, the firm required Earp to attach to the transfer form an account statement for the joint account from which the securities would be transferred. Without the customer's knowledge, Earp altered a copy of that statement with correction fluid to remove the name of the customer's brother from the document. The firm effected the transfer of the securities after Earp submitted these documents to it. Earp obtained \$12 in connection with the transfer. After discovering the falsification, the firm terminated Earp's association with it, reversed the transfer and returned the securities to the joint account the customer held with his brother at the custodian. The findings also stated that Earp caused the firm to create and maintain inaccurate books and records.

The suspension is in effect from October 7, 2019, through March 6, 2020. ([FINRA Case #2018060959301](#))

James Marten Lamont ([CRD #2846228](#), Novato, California)

October 2, 2019 – An AWC was issued in which Lamont was fined \$10,000, suspended from association with any FINRA member in all capacities for 18 months and ordered to pay to FINRA disgorgement of commissions received in the amount of \$81,417, plus interest. Without admitting or denying the findings, Lamont consented to the sanctions and to the entry of findings that he engaged in private securities transactions without prior approval from his member firm. The findings stated that Lamont solicited investors to purchase promissory notes relating to a purported real-estate investment fund. Lamont sold \$1,467,000 in the promissory notes to investors, three of whom were also customers of his firm. Lamont received \$81,417 in commissions in connection with these transactions. Lamont disclosed his activities to the firm in a questionnaire, but he identified it as an outside business activity, not a private securities transaction. On that same questionnaire, Lamont denied participating in any private securities transactions. Later, the fund filed a voluntary Chapter 11 bankruptcy petition. The United States District Court for the Southern District of Florida issued final judgments against, among others, the fund and its former owner. Those judgments required the fund and its former owner to, among other things, disgorge their ill-gotten gains and also required the former owner to pay a civil penalty.

The suspension is in effect from November 4, 2019, through May 3, 2021. ([FINRA Case #2017052705801](#))

William J. Schnepf ([CRD #1854941](#), Hartland, Wisconsin)

October 4, 2019 – An AWC was issued in which Schnepf was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Schnepf consented to the sanctions and to the entry of findings that he accepted a power of attorney over an elderly customer to whom he was not related without providing notice to or seeking approval from his member firm. The findings stated that Schnepf circumvented the firm's procedures that prohibited registered representatives from serving as power of attorney for any customer of the firm except when the customer was a member of the representative's family. The power of attorney provided Schnepf with broad authority to manage the customer's financial affairs.

The suspension was in effect from October 7, 2019, through December 6, 2019. ([FINRA Case #2018059902901](#))

William George Davis ([CRD #811559](#), Powder Springs, Georgia)

October 7, 2019 – An AWC was issued in which Davis was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 days. Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he mismarked trades in customer accounts as unsolicited, when, in fact, those trades were solicited. The findings stated that Davis recommended and purchased prohibited securities for some of his customers. In order to circumvent his member firm's policy, Davis marked these trades as unsolicited on the order tickets. As a result of mismarking these trades, Davis caused the firm to maintain inaccurate books and records.

The suspension was in effect from October 7, 2019, through October 21, 2019. ([FINRA Case #2018059679301](#))

John Stanley Eads ([CRD #2764843](#), Titusville, Florida)

October 8, 2019 – An AWC was issued in which Eads was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Eads consented to the sanctions and to the entry of findings that after accepting an offer to join a new member firm, he improperly took nonpublic personal customer information from his previous firm, without its or the customers' knowledge or consent. The findings stated that as a result, Eads caused the previous firm to violate the SEC's Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information. When Eads departed the previous firm to join the new firm, he failed to return hard copies of the previous firm's completed new customer forms and kept them for use at the new firm. The new customer forms kept by Eads contained nonpublic personal information, including customer social security numbers, dates of birth, driver's license numbers and other personally identifiable financial information. Eads subsequently instructed his sales assistant to use the customers' nonpublic information from the new customer forms to populate change of broker/dealer requests to transfer the customer accounts to the new firm. Eads used his personal email account and instructed his assistant to use a separate personal email account maintained by Eads to transmit already completed change of broker/dealer forms containing the nonpublic information to his customers. Neither personal email account was encrypted to protect the nonpublic information sent and received in those accounts. The change of broker/dealer forms containing the nonpublic information were then transmitted to the new firm. At least one customer who did not wish to have her account moved to the new firm complained after discovering a change of broker/dealer form had been filed on her behalf without her knowledge or consent. The findings also stated that after joining the new firm, Eads prevented the firm from preserving his emails as required and caused it to fail to comply with its recordkeeping obligations by using unauthorized personal email accounts to communicate with customers concerning business-related matters. During an investigation of the matter, FINRA requested that Eads produce copies of the emails so that

it could determine whether any additional violations had occurred, but the email account that was maintained by a third party was no longer accessible and had not been preserved. Accordingly, Eads' use of personal email accounts is aggravated by the fact the emails have now been permanently lost.

The suspension is in effect from October 21, 2019, through January 20, 2020. ([FINRA Case #2018057322601](#))

Michael Edward Olinde ([CRD #3063204](#), Baton Rouge, Louisiana)

October 8, 2019 – An AWC was issued in which Olinde was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Olinde consented to the sanctions and to the entry of findings that he engaged in an outside business activity involving the sale of nutritional supplements without providing prior written notice to his member firm. The findings stated that Olinde filed the nutritional supplement company's initial Articles of Organization with the State of Louisiana, obtained its tax identification number from the Internal Revenue Service (IRS), opened the company's bank account and managed its expenses. In addition, Olinde owned a percentage interest, contributed working capital, executed its operating agreement, participated in board meetings and made management decisions for the company. The findings also stated that Olinde made false statements to his firm on annual compliance questionnaires concerning his outside business activities.

The suspension is in effect from November 4, 2019, through January 3, 2020. ([FINRA Case #2017054549201](#))

Chad Andrew Perkins ([CRD #4929849](#), Goshen, Kentucky)

October 8, 2019 – An AWC was issued in which Perkins was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Perkins consented to the sanctions and to the entry of findings that he failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose federal tax liens. The findings stated that the Internal Revenue Service (IRS) filed four tax liens against Perkins totaling approximately \$448,000. Perkins worked with a tax enrolled agent and agreed to enter into an installment agreement with the IRS and is current in his payments to it. The findings also stated that Perkins inaccurately stated on a compliance questionnaire he submitted to his member firm that he was not the subject of any unsatisfied liens.

The suspension is in effect from October 21, 2019, through December 20, 2019. ([FINRA Case #2017052422801](#))

Simon Michel Joseph ([CRD #5602157](#), Alexandria, Virginia)

October 10, 2019 – An AWC was issued in which Joseph was fined \$10,000 and suspended from association with any FINRA member in all capacities for 30 business days. In

determining the appropriate sanction in the matter, FINRA considered, among other factors, prior action taken by state securities regulators related to Joseph's conduct. Without admitting or denying the findings, Joseph consented to the sanctions and to the entry of findings that he exercised discretion in accounts maintained by customers without having written authorization from the customers and without having requested or obtained approval from his member firm. The findings stated that Joseph caused his firm to maintain inaccurate books and records by mismarking order tickets for trades as unsolicited when, in fact, he had solicited the transactions by bringing the security to the customer's attention.

The suspension is in effect from November 4, 2019, through December 16, 2019. ([FINRA Case #2016050914401](#))

Erloisse Flores Magan ([CRD #3146325](#), Massapequa, New York)

October 10, 2019 – An AWC was issued in which Magan was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Magan consented to the sanctions and to the entry of findings that she failed to give prior written notice to her member firm of her appointment and expectation of compensation as power of attorney for a customer, and as trustee to two charitable foundations created by the customer to distribute her assets upon her death. The findings stated that although the trusts held no principal during the customer's lifetime, Magan was aware that the trusts would receive a substantial amount of money from the customer's estate upon her death. Magan nonetheless failed to disclose her appointments to the firm until after the customer's death, at which time she voluntarily resigned from the firm.

The suspension is in effect from October 21, 2019, through February 20, 2020. ([FINRA Case #2018059948101](#))

Mark Andrew Cramer ([CRD #1313587](#), Larue, Ohio)

October 14, 2019 – An AWC was issued in which Cramer was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Cramer consented to the sanctions and to the entry of findings that he forged a customer's signature on an application to purchase a variable annuity and on other documents associated with opening an Individual Retirement Account (IRA). The findings stated that the customer completed and signed an application to purchase a variable annuity and documents required by Cramer's member firm to open the IRA. However, the versions of the variable annuity application and account opening documents signed by the customer were outdated. Subsequently, Cramer forged the customer's signature on updated versions of the variable annuity application and account opening documents. Cramer caused the firm's books and records to be inaccurate by submitting those documents to his firm for processing.

The suspension is in effect from November 4, 2019, through January 3, 2020. ([FINRA Case #2018058482401](#))

Charles Harper Bridgers ([CRD #1226108](#), Wilson, North Carolina)

October 16, 2019 – An AWC was issued in which Bridgers 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, Bridgers consented to the sanctions and to the entry of findings that he entered municipal-bond orders in a customer's brokerage account without the customer's specific authorization and without authorization to exercise discretion over the account. The findings stated that before learning that the customer had died, Bridgers entered the orders in the customer's account. After learning of the customer's death, Bridgers' member firm determined that the customer could not have authorized the transactions and reversed them. The findings also stated that Bridgers entered notes in the firm's customer-management system that falsely stated that he had spoken with the customer before executing these transactions. Bridgers created these false notes in an attempt to circumvent the firm's internal controls and conceal that the transactions were unauthorized.

The suspension is in effect from October 21, 2019, through January 20, 2020. ([FINRA Case #2018057553801](#))

Richard Craig Berg ([CRD #1233833](#), Town and Country, Missouri)

October 17, 2019 – An AWC was issued in which Berg was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Berg consented to the sanctions and to the entry of findings that he failed to timely notify his member firm of outside business activities for which he received compensation. The findings stated that Berg's failure is aggravated by the fact that he completed compliance questionnaires incorrectly attesting that he had disclosed all outside activities to the firm. The findings also stated that Berg failed to timely notify his firms of personal private securities transactions conducted away from the firms. Berg made purchases of securities issued by privately-held companies totaling \$1,251,000. Berg's failure is aggravated by the fact that he completed compliance questionnaires incorrectly attesting that he had disclosed all private securities transactions to the firm.

The suspension is in effect from October 21, 2019, through February 20, 2020. ([FINRA Case #2018058699101](#))

Steven Tarasius Yellen ([CRD #1281663](#), El Paso, Texas)

October 22, 2019 – An AWC was issued in which Yellen was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Yellen consented to the sanctions

and to the entry of findings that he exercised discretion in a customer's account without written authorization or acceptance of the account as a discretionary account by his previous member firm. The findings stated that in connection with this violation, Yellen completed false annual compliance questionnaires wherein he denied having any accounts in which business was transacted on a discretionary basis. The findings also stated that Yellen engaged in unauthorized trading. Yellen opened a second account for the customer without her knowledge or authorization and subsequently made an unauthorized transfer of \$30,000 from her original account to the second account and used the funds to execute two unauthorized transactions. The firm settled with the customer and reimbursed her for the fees she incurred in connection with the unauthorized trades. After Yellen left the previous firm and became associated with a new firm, he again engaged in unauthorized trading by entering trades for customers that were beyond the option trading risk levels authorized by the customers. Although the customers suffered no financial harm, Yellen's actions exposed the customers to the risk of substantial loss. Yellen's new firm contacted the affected customers and cancelled the unauthorized options trades or purchased the underlying options with customer approval. The findings also included that Yellen caused his new firm's books and records to be inaccurate by mismarking options order tickets as unsolicited when they were solicited. Yellen entered the options orders as unsolicited in order to bypass the firm systems that blocked him. FINRA found that prior to accepting an offer of employment from the new firm, Yellen sent nonpublic personal information regarding his customers at his previous firm to his personal email account, in violation of the firm's policy and without the knowledge or consent of it or any customer. The nonpublic personal information consisted of client account numbers, among other information. Upon becoming associated with his new firm, Yellen forwarded the information to his email account at the new firm without the knowledge or consent of the firm or any customer. Significantly, Yellen should have been aware of the impropriety of sending the information to his account at the new firm because the firm's terms of transition specifically prohibited taking account numbers from a prior employer. As a consequence, Yellen caused his previous firm to violate its obligations under Regulation S-P.

The suspension is in effect from November 4, 2019, through November 3, 2020. ([FINRA Case #2018057175001](#))

Bruce Keebeck Lee (CRD #1464745, Hinsdale, Illinois)

October 23, 2019 – An AWC was issued in which Lee was assessed a deferred fine of \$15,000, suspended from association with any FINRA member in all capacities for 18 months and ordered to attend and satisfactorily complete 10 hours of continuing education within 60 days of his re-association with any FINRA member firm. Without admitting or denying the findings, Lee consented to the sanctions and to the entry of findings that he directed two members of his staff to complete continuing education modules on his behalf, rather than completing the modules himself.

The suspension is in effect from November 4, 2019, through May 3, 2021. ([FINRA Case #2018058422801](#))

Jennifer Lyn McKay ([CRD #6637784](#), Riverdale, New Jersey)

October 24, 2019 – An AWC was issued in which McKay 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, McKay consented to the sanctions and to the entry of findings that she altered documents that were previously signed by customers of her member firm and submitted them as originals to the firm. The findings stated that in each instance, McKay sent emails to the customers asking them to sign attached blank or partially completed firm documents. In certain instances, McKay informed the customer that she would complete the signed forms after she received them. Upon receiving the signed documents, McKay altered them by filling in missing information. Although the information was accurate, McKay nevertheless submitted the documents as originals to the firm. The documents altered by McKay included an account transfer form, a manager selection affirmation form, a standing letter of authorization, client approval and risk disclosure forms and account preference instructions. When the firm first discovered McKay's misconduct, she falsely claimed that she only altered documents for one client.

The suspension is in effect from November 4, 2019, through February 3, 2020. ([FINRA Case #2017056524801](#))

Robert David Meyers ([CRD #1409245](#), Kiawah Island, South Carolina)

October 24, 2019 – An AWC was issued in which Meyers was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Meyers consented to the sanctions and to the entry of findings that he participated in private securities transactions by soliciting, facilitating and/or recommending private equity investments to customers of his member firm without providing written notice to, or obtaining written approval from, the firm. The findings stated that the securities were offered by three private equity funds that were not approved to be sold by Meyers' firm. The firm customers invested in the securities offered by the funds and made capital contributions to them totaling \$1.9 million. Meyers did not receive any compensation from the private equity funds as a result of his participation.

The suspension is in effect from November 4, 2019, through November 3, 2020. ([FINRA Case #2017056146401](#))

Daniel Patrick Slattery ([CRD #4655445](#), Monroe, Connecticut)

October 24, 2019 – An AWC was issued in which Slattery was fined \$7,500 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Slattery consented to the sanctions and to the entry of

findings that he failed to disclose to either of his member firms that he had entered into an agreement with an entity not affiliated with either firm that allowed for insurance agents in a branch office that he supervised to sell Medicare plans offered by that third party. The findings stated that Slattery received \$41,747 in compensation through commission overrides derived from the agents' sales of those Medicare plans. Slattery disclosed neither the agreement nor the compensation he received as an outside business activity to either firm and failed to disclose the agreement with the third party on an annual compliance questionnaire.

The suspension is in effect from November 18, 2019, through February 17, 2020. ([FINRA Case #2017056121501](#))

Martin John Petela ([CRD #5587657](#), New York, New York)

October 28, 2019 – An AWC was issued in which Petela was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Petela consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts when executing transactions without prior written authorization from the customers and without seeking or obtaining prior written acceptance of the accounts as discretionary from his member firm.

The suspension is in effect from November 18, 2019, through December 17, 2019. ([FINRA Case #2018059857701](#))

Michael George King ([CRD #1264094](#), Hewlett Bay Park, New York)

October 30, 2019 – An AWC was issued in which King was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in all capacities for 14 months and required to requalify by examination as a research analyst prior to associating with any member firm acting in that capacity. Without admitting or denying the findings, King consented to the sanctions and to the entry of findings that as a managing director in his member firm's research department, he co-authored research reports on an issuer without disclosing in any of the reports a material conflict of interest arising from advanced employment discussions with the subject company of those reports. The findings stated that King's omission caused the reports to be misleading. Reasonable readers of the reports would have considered the conflict important to their investment decisions. King had a clear obligation to disclose his employment discussions with the issuer in the research reports, yet he failed to do so. The findings also stated that King completed a quarterly research analyst certification but failed to disclose to his firm that he had received an employment offer from the issuer.

The suspension is in effect from November 4, 2019, through January 3, 2021. ([FINRA Case #2018058765701](#))

Individuals Sanctioned

John Lodge Farmer ([CRD #5354041](#), Prescott, Arizona), Jodi Oyler Padgett ([CRD #1828918](#), Skull Valley, Arizona) and Charles Edwin Taylor ([CRD #443066](#), Prescott, Arizona)

October 9, 2019 – An OHO decision became final in which Farmer was fined \$6,000, Padgett was fined \$15,000 and required to requalify as a principal within six months, and Taylor was fined \$25,000, suspended from association with any FINRA member in all capacities for six months and suspended from association with any FINRA member in any supervisory capacity for six months, to run consecutively with his all capacities suspension. The sanctions were based on the findings that Farmer, Padgett and Taylor engaged in, and were compensated for, undisclosed and unapproved outside business activities involving referring customers to a company marketing investments in precious metals, a form of investment prohibited by their member firm's policies. The findings stated that from these referrals, Farmer earned at least \$4,663, Padgett received at least \$5,676 and Taylor received at least \$10,081. The referral fees resulted from about 1.1 million in precious metal sales. The findings also stated that Taylor failed to adequately supervise Farmer and Padgett's referral activity to ensure that they properly disclosed the outside business activity. Taylor ignored red flags and facilitated the misconduct by introducing Farmer and Padgett to the outside business activity involving a prohibited product while failing to either require disclosure of the activity or enforce firm policy by not permitting the precious metal referral activity.

Taylor's suspension in all capacities is in effect from October 21, 2019, through April 20, 2020, and the suspension in any supervisory capacity will be in effect from April 21, 2020, through October 20, 2020. ([FINRA Case #2017053382401](#))

Complaint 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.

Martin David Batstone ([CRD #2171601](#), Del Mar, California)

October 1, 2019 – Batstone was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5(a)-(c) thereunder, and violated FINRA Rule 2020 when he transferred \$11,100 of his member firm customers' funds to his personal bank accounts and used the funds for his personal expenditures. The complaint alleges that Batstone solicited the customers to invest a total of \$75,000 in a small limited liability company purporting to provide brand

management and product placement services for athletes and entertainers. In soliciting the investments, Batstone informed the customers that the company would use their funds for general operating expenses, including marketing and distribution of an energy drink. Batstone never disclosed to the customers that a portion of their investment funds would be used for his own personal expenditures. Batstone's use of investment funds for personal expenditures, rather than for the company's business purposes, was material to a reasonable investor's decision to invest in the company. The complaint also alleges that by using the customers' funds for his personal expenditures rather than for investment purposes, as intended by the customers, Batstone converted and made improper use of the customers' funds. Batstone has not returned the \$11,100 transferred to his personal bank accounts. The complaint further alleges that Batstone never provided written notice, or otherwise informed the firm, of his participation in soliciting investments in the company, which constituted private securities transactions. ([FINRA Case #2019061205201](#))

Daniel Joseph Arcuri Jr. ([CRD #2200431](#), Greensburg, Pennsylvania)

October 22, 2019 – Arcuri was named a respondent in a FINRA complaint alleging that he failed to appear and testify for on-the-record testimony requested by FINRA in connection with an investigation into his potential misuse of customer funds and undisclosed outside business activities related to a client's estate. The complaint alleges that Arcuri's member firm filed a Form U5 stating that his employment had been terminated for failing to seek and obtain its approval to engage in an outside business activity as the representative of the estate of a deceased client. The Form U5 further noted that the firm was investigating whether Arcuri had properly distributed funds from the estate. ([FINRA Case #2017056688202](#))

Erik Patrick Pica ([CRD #4829533](#), Brooklyn, New York)

October 25, 2019 – Pica was named a respondent in a FINRA complaint alleging that he converted and misused \$200,000 from an elderly customer. The complaint alleges that the customer gave Pica the funds to deposit into the customer's brokerage account at Pica's member firm. Pica directed the customer to write a check for \$200,000 to a company wholly owned by Pica to conduct his securities business. Then, instead of depositing the funds into the customer's brokerage account, as the customer intended, Pica transferred the money to his personal bank account where he used it to fund the down payment on a home he purchased in his and his wife's name. The complaint also alleges that Pica provided false or misleading information to the customer and to his firm. When the customer asked Pica what had become of his \$200,000, Pica told the customer, falsely, that he had put the money back into the customer's brokerage account. When the customer later asked again what had happened to his check, Pica again lied, falsely claiming that he had not cashed the check. Moreover, on numerous occasions, Pica falsely told his supervisor at the firm that he had not taken the customer's money. The complaint further alleges that Pica provided false or misleading information to FINRA during its examination of his firm's branch office. Pica's personal office was locked when FINRA arrived and Pica, the only person with a key

to his office, told his firm that he could not come to the branch to grant FINRA access until the following day. However, after FINRA left the firm that evening, Pica surreptitiously returned to the branch and entered his office. The next day, when FINRA returned to the branch, items on Pica's desk had been rearranged and removed. When questioned, Pica lied and told FINRA that he had not entered the firm branch office the day before. In addition, the complaint alleges that Pica provided false or misleading information to FINRA during on-the-record testimony. Pica falsely testified that he had not communicated with anyone from the firm about when FINRA had left the branch office. In truth, Pica asked his supervisor, who arrived at the branch office during FINRA's examination, to call him when FINRA had left for the night. Pica also falsely testified that he never told the customer that the \$200,000 had been deposited into the customer's firm brokerage account, when, in fact, he made that false claim to the customer. Pica falsely testified that he never told his supervisor that he had returned the customer's money to the customer, when, in fact, he repeatedly made that false claim to his supervisor. Moreover, the complaint alleges that Pica refused to produce documents and information requested by FINRA, including the mortgage application he submitted to the bank in connection with the home he and his wife purchased using the customer's money. ([FINRA Case #2019061947501](#))

Firm Cancelled for Failure to Submit a Member Continuance Application Necessitated by Their Continued Association With a Statutorily Disqualified Individual Pursuant to FINRA Rule 9522(a)

CV Brokerage, Inc (CRD #462)
Williamstown, New Jersey
(October 9, 2019)

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

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

Financial West Investment Group, Inc.
(CRD #16668)
Reno, Nevada
(October 7, 2019)

Financial West Investment Group, Inc.
(CRD #16668)
Reno, Nevada
(October 10, 2019)

Firm Suspended for Failure to Pay FINRA Dues, Fees and Other Charges 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.)

First Canterbury Securities, Inc.
(CRD #13121)
Dallas, Texas
(October 16, 2019 – October 24, 2019)

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.)

Jevon William Bartley (CRD #5405555)
Jacksonville, Florida
(October 15, 2019)
FINRA Case #2019062279901

Anita Shanks Cross (CRD #5093517)
St. Louis, Missouri
(October 28, 2019)
FINRA Case #2019062742501

Robert Christian Gasser (CRD #1634925)
Madison, New Jersey
(October 7, 2019)
FINRA Case #2019062409101

Edward Gonzales (CRD #6835629)
Mesa, Arizona
(October 21, 2019)
FINRA Case #2018060416601

David Duane Horton (CRD #4699361)
Sparks, Nevada
(October 7, 2019)
FINRA Case #2019062442601

Vincent James Mazza (CRD #4332577)
Howell, New Jersey
(October 28, 2019)
FINRA Case #2018060932001

Benson Muraya (CRD #6883954)
Columbus, Ohio
(October 28, 2019)
FINRA Case #2019062218701

Merle Travis Murrain II (CRD #6993088)
Kernersville, North Carolina
(October 21, 2019)
FINRA Case #2019062354701

Anthony Michael Roegiers (CRD #6458438)
 Rahway, New Jersey
 (October 1, 2019)
 FINRA Case #2019062439001

Donald George Sperring Jr. (CRD #2462982)
 East Pittsburgh, Pennsylvania
 (October 15, 2019)
 FINRA Case #2019062281401

Zachary Su (CRD #6250666)
 Covina, California
 (October 28, 2019)
 FINRA Case #2019062641601

Minjoe Williams (CRD #6248983)
 Nutley, New Jersey
 (October 1, 2019)
 FINRA Case #2019062281201

Tiana M. Wright (CRD #6421861)
 Milwaukee, Wisconsin
 (October 15, 2019)
 FINRA Case #2019061922801

**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.)

Jesse DiLiberto (CRD #6143947)
 Lowell, Massachusetts
 (October 7, 2019)
 FINRA Case #2018058588201

Stephen Douglas Fry (CRD #2928258)
 Cordova, Tennessee
 (October 21, 2019)
 FINRA Case #2019063556801

Sofia T. Gonzalez (CRD #6243469)
 Houston, Texas
 (October 28, 2019 – November 4, 2019)
 FINRA Case #2019061778601

**Timothy Edward Johnson Jr.
 (CRD #5701828)**
 Lawrenceville, Georgia
 (October 3, 2019)
 FINRA Case #2019063419001

Amogh Karney (CRD #6649401)
 Omaha, Nebraska
 (October 18, 2019)
 FINRA Case #2019063011801

Jesse O'Neal McGuire (CRD #5775734)
 Kingwood, Texas
 (October 10, 2019)
 FINRA Case #2019062928801

John Alan Mostert (CRD #1981659)
 Clearwater, Florida
 (October 15, 2019)
 FINRA Case #2018059901001

Robert John Murray (CRD #3036275)
 Lynbrook, New York
 (October 7, 2019)
 FINRA Case #2019061942401

Dain Farrell Stokes (CRD #2960801)
 Fremont, New Hampshire
 (October 21, 2019)
 FINRA Case #2019063757401

Individuals Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution Pursuant to FINRA Rule Series 9554

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

Nelson Alejandro Amparo (CRD #5156775)
Providence, Rhode Island
(October 11, 2019)
FINRA Arbitration Case #19-00618

Frank Daniel Bethan (CRD #3248047)
Menifee, California
(March 29, 2019 – October 24, 2019)
FINRA Arbitration Case #18-02209

Andrew Owen Brown (CRD #2865734)
Baldwin, New York
(October 15, 2019)
FINRA Arbitration Case #17-02024

Frankie Gonzalez (CRD #4283590)
Weston, Florida
(October 30, 2019 – November 18, 2019)
FINRA Case #20190639148/ARB190032

Marc David Horner (CRD #4332438)
Wheaton, Illinois
(July 23, 2019 – October 24, 2019)
FINRA Arbitration Case #15-00383

John Victor Smith (CRD #5764683)
Yonkers, New York
(October 22, 2019)
FINRA Arbitration Case #16-00514

Joseph Lamar Smith III (CRD #1557066)
Hilton Head Island, South Carolina
(October 28, 2019)
FINRA Arbitration Case #19-00764

Jacob Samuel Williams (CRD #5746661)
Chico, California
(October 11, 2019)
FINRA Arbitration Case #19-00246

Press Releases

FINRA Fines UBS Financial Services Inc. \$2 Million for Continued Failures Relating to Short Positions in Municipal Securities

Firm Inaccurately Represented the Tax Status of Thousands of Interest Payments to Customers; Restitution Ordered

FINRA announced it has censured and fined [UBS Financial Services Inc.](#) (UBS) \$2 million for the firm's repeated failures in timely addressing municipal short positions and in inaccurately representing the tax status of thousands of interest payments to customers. FINRA also required UBS to pay restitution to customers who may have incurred any increased state tax liabilities, to pay the IRS to relieve customers of any additional federal income tax owed, and to certify within 90 days that the firm has taken appropriate corrective measures. FINRA previously sanctioned UBS for its failures in this area in 2015 (AWC No. 2014041645601, August 12, 2015).

Investors often purchase municipal securities because of the tax-exempt interest earned on those investments. However, when a FINRA member firm is short municipal securities purchased by customers, the firm – not the issuing municipality – is the source of the interest payments. That interest, commonly known as “substitute interest,” is subject to applicable taxes.

FINRA found that from August 2015, when FINRA previously sanctioned UBS for similar violations, through the end of 2017, UBS continued to fail to timely identify and properly address certain short positions in municipal securities. As a result, UBS inaccurately represented on customer account statements and Forms 1099 that interest payments for 2,853 positions in municipal securities were tax-exempt when, in fact, they were taxable, and inaccurately represented on approximately 950 additional customer account statements and Forms 1099 that interest payments were taxable, when they were tax-exempt. FINRA found that these failures were the result of the firm's continued failure to establish reasonably designed supervisory systems and written supervisory procedures to timely identify short positions in municipal securities and its failure to provide reasonable guidance to its registered representatives instructing them how to address the short positions.

Jessica Hopper, Senior Vice President and Acting Head of FINRA's Department of Enforcement, said, “FINRA member firms must be attentive to municipal short positions that impact customer accounts, and it is critical that member firms convey accurate information to customers regarding their account holdings. In addition, member firms are expected to take prompt corrective action after being sanctioned and avoid repeat violations.”

In settling [this matter](#), UBS neither admitted nor denied the charges, but consented to the entry of FINRA's findings. FINRA allocated \$1.75 million of the \$2 million fine to the MSRB violations.

FINRA Bars Ami Forte and Charles Lawrence for Their Roles in Churning Accounts of Elderly Client with Dementia

Forte and Lawrence Exploited Elderly Client to Generate More Than \$9 Million in Commissions in Less Than One Year

FINRA announced it has barred [Ami Forte](#) and [Charles Lawrence](#) of Florida for their respective roles in churning accounts belonging to a 79-year-old customer who suffered from severe cognitive impairment.

Forte first met the customer (identified as “RS” in the settlement) in the late 1990s, at which time the two developed a romantic and business relationship. Forte, who maintained near daily contact with RS, used her position of trust and confidence to exploit RS and generate excessive commissions from his accounts.

FINRA found that from September 2011 through June 2012, the Forte Group, an entity Forte established in 2001, which Lawrence joined at its inception, effected more than 2,800 trades in RS’s accounts, generating approximately \$9 million in commissions. Over half of these transactions involved short-term trading in long-maturity bonds, including municipal bonds, intended for customers with long-term investment horizons.

This unsuitable and excessive trading continued until shortly before RS’s death. On June 20, 2012, RS entered the hospital for the final time before his passing in August 2012. Despite being hospitalized and not in contact with anyone from the Forte Group, between June 20, 2012 and June 29, 2012, RS’s accounts had over \$14 million in transactions.

Jessica Hopper, Senior Vice President and Acting Head of FINRA’s Department of Enforcement, said, “Protection of senior and vulnerable investors is a top priority for FINRA. Churning the account of an elderly customer who suffered from severe cognitive impairment is an egregious violation of the high ethical standards to which FINRA holds all associated persons.”

FINRA rules provide member firms with ways to respond to situations in which they have a reasonable basis to believe that financial exploitation has occurred, is occurring, has been attempted or will be attempted. FINRA recently announced it is conducting a retrospective review to assess the effectiveness and efficiency of its rules and administrative processes that help protect senior investors from financial exploitation. Also, FINRA’s examinations of member firms focus on a broad range of topics relating to the protection of senior investors and FINRA’s Securities Helpline for Seniors® has highlighted issues relating to financial exploitation. Additionally, the FINRA Investor Education Foundation plays a central role in FINRA’s senior investor education and outreach efforts.

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

FINRA Fines BNP Paribas Securities Corp. and BNP Paribas Prime Brokerage, Inc. \$15 Million for AML Program and Supervisory Failures

FINRA announced that it has fined [BNP Paribas Securities Corp.](#) and BNP Paribas Prime Brokerage, Inc. (collectively, BNP) \$15 million for anti-money laundering (AML) program and supervisory failures involving penny stock deposits and resales, and wire transfers, that spanned four years. As part of the settlement, FINRA also required BNP to certify within 90 days that BNP's procedures are reasonably designed to achieve compliance in these areas.

FINRA found that from February 2013 to March 2017, despite its penny stock activity, BNP did not develop and implement a written AML program that could reasonably be expected to detect and cause the reporting of potentially suspicious transactions. Until 2016, BNP's AML program did not include any surveillance targeting potential suspicious transactions involving penny stocks, even though BNP accepted the deposit of nearly 31 billion shares of penny stocks, worth hundreds of millions of dollars, from its clients, including from so-called "toxic debt financiers." BNP also did not implement any supervisory systems or written procedures to determine whether resales of securities, including the penny stocks deposited by its customers, complied with the registration requirements of Section 5 of the Securities Act of 1933. As a result, BNP facilitated the removal of restrictive legends from approximately \$12.5 million worth of penny stocks without any review to evaluate the transactions for compliance with Section 5.

During the same period, BNP processed more than 70,000 wire transfers with a total value of over \$230 billion, including more than \$2.5 billion sent in foreign currencies. BNP's AML program did not include any review of wire transfers conducted in foreign currencies, and did not review wires conducted in U.S. dollars to determine whether they involved high-risk entities or jurisdictions.

BNP's AML program also was understaffed. For example, although BNP effected more than 70,000 wire transfers during a two-year period, with a total value of \$233 billion, during a majority of that period, only one investigator was tasked with reviewing alerts relating to wires originating from BNP's brokerage accounts. Although BNP identified many of these deficiencies as early as January 2014, BNP did not fully revise its AML program until March 2017. As a result, BNP did not identify "red flags" indicative of—or review—potentially suspicious activity involving the deposit and sales of penny stocks or foreign wire transfers that may have required the filing of a suspicious activity report.

Jessica Hopper, FINRA Senior Vice President and Acting Head of Enforcement, said, "In order to be effective, a firm's AML program must be tailored to the firm's business model and types of customer transactions. When customers engage in high-risk transactions involving low-priced securities and foreign currencies, the firm must devote sufficient resources to

its AML program, including transaction and wire movement monitoring, to ensure that the system is tailored to the business's unique money laundering risks.”

This matter arose out of firm examinations conducted by FINRA's Department of Member Supervision and referred to Enforcement. In determining the sanctions imposed, Enforcement considered the period of time over which the misconduct occurred, BNP's failure to timely address red flags and the volume of the potentially suspicious activity not monitored or reported.

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