

Disciplinary and Other FINRA Actions

Firm Expelled, Individuals Sanctioned

Brewer Financial Services, LLC (CRD® #132558, Chicago, Illinois), Adam Gary Erickson (CRD #3081286, Registered Principal, Chicago, Illinois) and Steven John Brewer (CRD #2214515, Associated Person, Chicago, Illinois) submitted a Letter of Acceptance Waiver and Consent in which the firm was expelled from FINRA membership and Erickson and Brewer were barred from association with any FINRA member in any capacity. Without admitting or denying the findings, the firm, Erickson and Brewer consented to the described sanctions and to the entry of findings that the firm, acting through Erickson and Brewer, sold the private placement offerings of a company formed exclusively to acquire and provide growth to its parent company and a limited liability company for which Brewer was a director, without disclosing to the investors material facts that the parent company had defaulted on a \$2.5 million loan, had reported an operating loss of \$1,622,912 for one calendar year and an approximate operating loss of \$4.5 million for another calendar year, and had defaulted on interest payments to note-holders. The findings stated that the firm, acting through Erickson and Brewer, continued to sell the limited liability company's private placement offering to new investors, knowing that it had defaulted on its interest payments to existing investors and without disclosing that material fact to new investors. The findings also stated that the firm sold the private placement offerings to non-accredited investors without providing them with the financial statements required under Securities and Exchange Commission (SEC) Rule 506. The findings also included that the failure to comply with the requirements of Rule 506 resulted in the loss of exemption from the registration requirements of Section 5 of the Securities Act of 1933; given no registration statement was in effect for the offerings and the registration exemption was ineffective, the firm sold these securities in contravention of Section 5 of the Securities Act of 1933.

FINRA found that the firm, acting through Erickson, conducted inadequate due diligence related to its sale of the offerings in that it failed to ensure the issuers had retained a custodian to handle certain investors' qualified funds prior to accepting investment of Individual Retirement Account (IRA) funds into the offerings. FINRA also found that the firm, acting through Erickson and Brewer, offered to sell and sold the company's private placement offering by distributing to the public a private placement memorandum (PPM) containing unbalanced, unjustified, unwarranted or otherwise misleading statements; among other things, the PPM implied that the parent company was not experiencing financial difficulty and failed to disclose that it reported a significant loss one year. In addition, FINRA determined that investors in

Reported for May 2011

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 company's notes were not provided with financial statements for either the company or the parent company. Moreover, FINRA found that the PPM was misleading in that it failed to state clearly how offering proceeds would be used, lacked clarity regarding the relationship between the issuer and its affiliates, and failed to provide the basis for claims made regarding the performance expectations of the issuer or its affiliates. Furthermore, FINRA found that the firm failed to establish adequate written supervisory procedures related to its sales of private placement offerings, in that the firm's procedures failed to require that financial statements be provided to investors when private placement offerings are sold to non-accredited investors, pursuant to SEC Rule 506.

The findings also stated that the firm allowed Brewer to be actively engaged in managing the firm's securities business without being registered as a principal and a representative although Brewer signed and submitted an attestation to FINRA stating he would not be actively engaged in the management of the firm's securities business until he completed registration as a representative and principal. The findings also included that, among other things, Brewer reviewed and revised the firm's recruitment brochure, approved offer letters to prospective firm registered representatives, dictated the structure of new representatives' compensation, including the level of commissions and loan repayment terms, and instructed firm personnel to send private placement offering documents to prospective investors.

FINRA found that the firm maintained the registrations for individuals who were not active in the firm's investment banking or securities business or were no longer functioning as registered representatives. FINRA also found that the firm conducted a securities business on a number of days even though it had negative net capital on each of those dates. In addition, FINRA determined that the firm's net capital deficiencies were caused by its failure to classify contributions from the parent company as liabilities after the firm returned the contributions to the parent company within a one-year period of having received them, and improperly treating its assets as allowable even though all of its assets had been encumbered as security for a loan agreement the parent company executed. Moreover, FINRA found that the firm had inaccurate general ledgers, trial balances and net capital computations, and filed inaccurate Financial and Operational Uniform Single (FOCUS™) reports. (FINRA Case #2010023252701)

Firms Fined, Individuals Sanctioned

Bulltick, LLC (CRD #104005, Mexico D.F., Mexico), Javier Guerra (CRD #4166443, Registered Principal, Key Biscayne, Florida) and Victor Manuel Robles (CRD #4490918, Registered Principal, Coconut Creek, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$300,000, Guerra was fined \$20,000 and suspended from association with any FINRA member in any capacity for 10 business days, and Robles

was fined \$10,000 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, the firm, Guerra and Robles consented to the described sanctions and to the entry of findings that the firm made certain unsecured loans to its parent that exceeded the parameters set forth in SEC Rules 15c3-1(e)(1)(i) and (ii), thereby triggering its reporting obligation. The findings stated that the firm, through its financial and operations principals (FINOPs), Guerra and Robles, provided notices to FINRA at the beginning of several months of loans that it anticipated making during the course of the month, but the notices did not comply with the requirements of SEC Rule 15c3-1(e)(1); the firm did not provide adequate advance notice of loans that exceeded the 30 percent threshold on numerous occasions and did not provide subsequent notice of unsecured loans that exceeded the 20 percent threshold on other occasions. The findings also stated that both Guerra and Robles, as FINOPS at the firm, were responsible for providing the required notices on the firm's behalf but failed to do so. The findings also included that the firm had inadequate excess net capital for a year because it failed to include in its net capital calculation certain positions in Latin American and other debt securities held in firm accounts at its clearing firms, and did not report these positions as assets on its balance sheet or apply haircuts to these positions in its computation of net capital; deficiencies ranged from at least \$900,000 to at least \$13.7 million and all of the positions relevant to the net capital deficiency had later either paid down their principal or were sold by the firm.

FINRA found that the firm engaged in securities transactions in which commissions were split between the firm and a nonregistered foreign person with the person receiving most of the commissions and the firm getting the balance. FINRA also found that in addition to making the initial referrals, the non-registered foreign person, along with the firm, among other things, negotiated the terms of the transactions, which the firm executed. In addition, FINRA determined that the firm did not properly reflect the payment to the finder on its books and records, and also did not disclose the compensation arrangement as required. Moreover, FINRA found that the firm did not maintain adequate books and records concerning proprietary positions the firm held at separate clearing firms for over a year; this included failing to reflect the positions on any of the firm's internal books and records, failing to maintain documents related to the processing of the transactions such as the electronic or paper order tickets and the trade confirmations, failing to maintain documents related to the supervision of the transactions, and failing to appropriately reflect its liabilities and assets on financial documentation the firm maintained. Furthermore, FINRA found that although FINRA staff advised the firm that its procedures related to SEC Rule 15c3-1(e) were not reasonably designed to achieve compliance with that rule and needed to be amended, the firm failed to amend its procedures to establish supervisory procedures reasonably designed to ensure compliance with the rule. The findings also stated that Guerra engaged in outside investment activities through a limited liability company that used his firm's address, and he failed to provide prompt written notice of these business activities to his member firm.

Guerra's suspension was in effect from April 4, 2011, through April 15, 2011. Robles' suspension was in effect from April 18, 2011, through April 25, 2011. (**FINRA Case #2006006958101**)

Grand Capital Corp. (CRD #39371, New York, New York) and Eliezer Gross Homnick (CRD #1851280, Registered Principal, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. In light of the firm's revenues and financial resources, among other things, a lower fine was imposed. Homnick was fined \$10,000, suspended from association with any FINRA member in any principal capacity for one month and required to complete eight hours of anti-money laundering (AML) training. Without admitting or denying the findings, the firm and Homnick consented to the described sanctions and to the entry of findings that the firm, acting through Homnick, the firm's president, chief compliance officer (CCO) and AML compliance officer (AMLCO), failed to comply with AML requirements. The findings stated that the firm's AML compliance program, which Homnick implemented, did not fully comply with the requirements of the Bank Secrecy Act (BSA) or the regulations thereunder, and violated NASD® Rules 3011(a) and (b). The findings also stated that the firm's AML procedures in effect required the firm to make a preliminary risk assessment for each existing and potential customer of the firm, and the firm's representatives were required to document any significant information they learned pursuant to such risk assessment, but the firm did not create or maintain written risk assessments for its customers. The findings also included that the firm's AML procedures required scrutiny of the activities of each firm customer organized as a limited liability company (LLC); specifically, for LLC customers, the firm and its registered representatives were to assess the correlation between their business activities and their formation documents and to conduct further investigations to determine the customer's risk profile. The findings further stated that these assessments and determinations of risk profiles were not conducted.

FINRA found that several accounts that were LLCs that engaged in suspicious transactions did not provide formation documents. FINRA also found that the firm's AML procedures had a section that described the process firm employees were to use to report suspicious customer activities, but these procedures were not followed. In addition, FINRA determined that registered representatives were required, upon detection of suspicious activity in customer accounts, to consult with one of the firm's designated principals, one of whom was Homnick; no firm representative reported to, or consulted with, the firm principals about suspicious customer activities. Moreover, FINRA found that the firm's procedures identified a form called the Preliminary Suspicious Activity Report (P-SAR); the purpose of the form was to identify, in writing, suspicious activities for Homnick's internal review, but no P-SARs were completed or submitted. Furthermore, FINRA found that Homnick was assigned the responsibility for filing Suspicious Activity Reports (SARs) and was responsible for drafting, implementing and maintaining the AML program and procedures at the firm, but he did not file any SARs and did not consider filing any SARs. FINRA also found that numerous suspicious transactions were conducted by firm customers, and the firm, acting

through Homnick, did not conduct a reasonable investigation, in that they failed to file a SAR, consider filing a SAR or document rationale for not filing a SAR.

Homnick's suspension was in effect from April 4, 2011, through May 3, 2011. (**FINRA Case #2007008158203**)

Midas Securities, LLC (CRD #103680, Anaheim, California), World Trade Financial Corporation (CRD #42638, San Diego, California), Jason Troy Adams (CRD #2137404, Registered Principal, San Diego, California), Frank Edward Brickell (CRD #3257725, Registered Principal, Encinitas, California), Jay S. Lee (CRD #4338187, Registered Principal, Anaheim Hills, California) and Rodney Preston Michel (CRD #1275392, Registered Principal, Spring Valley, California). Midas Securities, LLC was fined \$80,000. World Trade Financial Corporation was fined \$45,000. Adams was fined \$20,000 and suspended from association with any FINRA member in any principal capacity for 30 business days. Brickell was fined \$15,000 and suspended from association with any FINRA member in any capacity for 30 business days. Lee was fined \$50,000 and suspended from association with any FINRA member in any principal capacity for two years. Michel was fined \$30,000 and suspended from association with any FINRA member in any principal capacity for 45 days. The firms were prohibited from receiving and selling unregistered securities until they obtain an independent consultant to review their procedures. The National Adjudicatory Committee (NAC) imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision.

The sanctions were based on findings that the firms and Brickell sold and transferred unregistered shares of a security using means or instruments of transportation or communication in interstate commerce in connection with the transactions, failed to establish that the stock was exempt from registration pursuant to Section 5 of the Securities Act of 1933 and failed to prove that they were entitled to rely on the brokers' exemption contained in Section 4(4) of the Securities Act of 1933. The findings stated that the firms and Brickell attempted to shift compliance responsibilities to third parties. The findings also stated that the firms, Lee and Michel relied completely on third parties to determine whether shares were freely tradable, ignoring their obligation to determine whether shares were part of an unlawful distribution and provided no meaningful mechanism to detect whether any of the unregistered securities they sold were exempt from the Securities Act's registration requirements. The findings also included that the firms, Lee and Michel failed to establish and maintain a system and written procedures to ensure compliance with Section 5's registration requirements.

FINRA found that Adams and Michel ignored key "red flags" that should have prompted them to investigate whether representatives under their supervision were participating in an unlawful distribution, and that they knew Brickell was engaged in the sale of unregistered securities and failed to conduct, or direct him to conduct, any inquiry into whether sales of securities complied with Section 5's registration requirements. FINRA also

found that World Trade, acting through Adams and Michel, failed to reasonably supervise Brickell's sale of unregistered shares. In addition, FINRA determined that Lee and Midas Securities failed to reasonably supervise firm brokers in the sale of unregistered securities.

The respondents have appealed this decision to the SEC and the sanctions are not in effect pending review. (FINRA Case #2005000075703)

Puritan Securities, Inc. nka First Union Securities, Inc. (CRD #129502, Shelton, Connecticut) and Nathan Perry Lapkin (CRD #3130455, Registered Principal, Glen Rock, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Lapkin was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for 15 business days. Without admitting or denying the findings, the firm and Lapkin consented to the described sanctions and to the entry of findings that the firm, acting through Lapkin, failed to enforce its heightened supervisory procedures for a representative placed on heightened supervision based on his prior disciplinary history. The findings stated that Lapkin was responsible for implementing the heightened supervision plan, which required review of the representative's correspondence on a daily basis, review of all of the representative's transactions prior to execution, quarterly reviews with the representative of his business, and quarterly review of the representative's journal of all conversations that resulted in any business. The findings also stated that Lapkin did not perform any of the required steps and the firm failed to take any steps to ensure that he followed the plan. The findings also included that the firm, acting through Lapkin, allowed a representative to continue using a website, which is deemed an advertisement pursuant to NASD Rule 2210, that promoted investments to be made through the firm, even though it violated the content standards of the rule.

FINRA found that the website failed to provide a sound basis for evaluating the investment products being promoted, and contained exaggerated, incomplete and oversimplified statements comparing alternative investments to traditional investment products. FINRA also found that the website further made unsubstantiated claims by identifying investments as "premier" alternative investments and stating that alternative investments can help dampen volatility and provide protection in down markets without providing a credible basis for these claims. In addition, FINRA determined that the website also compared alternative investments to publicly traded investments, but failed to disclose all of the material differences between the investments, including the risks associated with the alternative investments. Moreover, FINRA found that the firm, acting through Lapkin, allowed its representatives to sell shares of a fund through a flawed PPM that failed to disclose that the fund's manager had been terminated from his member firm because, according to his Uniform Termination Notice for Securities Industry Registration (Form U5), he had misreported, falsely input and reported late into the firm's internal booking systems for bond transactions, and that the fund manager had misreported numerous non-deliverable forward transactions, causing false profits on his profit and loss statements.

Furthermore, FINRA found that Lapkin was aware of the content of the fund manager's Form U5 and knew that the PPM was silent about it. The findings also stated that this omission was material because, as disclosed in the PPM, the fund's trading decisions relied primarily on the fund manager's knowledge, judgment and experience.

Lapkin's suspension was in effect from April 18, 2011, through May 9, 2011. **(FINRA Case #2009017339801)**

Pyramid Financial Corp. (CRD #23181, Cupertino, California) and John Hsu aka Juan Hsu (CRD #1190718, Registered Principal, Cupertino, California). The firm was fined \$55,000, jointly and severally, with Hsu. Hsu was fined an additional \$10,000, suspended from association with any FINRA member in any capacity for 45 business days and barred from association with any FINRA member in any principal capacity. Hsu's fines shall be due and payable when and if he returns to the securities industry. The sanctions were based on findings that the firm and Hsu failed to preserve electronic communications related to the firm's business when Hsu and another registered representative of the firm sent and received electronic communications related to the firm's business using personal email accounts that were not linked to the firm's email preservation system; the firm's failure to preserve electronic communications was considered willful. The findings stated that Hsu and the firm failed to comply with AML rules and regulations in that they failed to access the Financial Crimes Enforcement Network (FINCEN) and review records, failed to develop and implement a written AML program reasonably designed to achieve compliance with the BSA and implementing regulations, and failed to properly conduct annual independent tests of its AML program for several years. The findings also stated that Hsu signed and submitted certifications to FINRA that contained inaccurate information regarding preservation of emails in compliance with SEC Rule 17a-4. The findings also included that Hsu willfully failed to amend his Form U4, to disclose material information.

The suspension is in effect from April 4, 2011, through June 7, 2011. **(FINRA Case #2008011600501)**

Firms Fined

AOS, Inc. dba Tradingblock (CRD #128605, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™). The findings stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures (WSPs) concerning OATS reporting. **(FINRA Case #2009017092901)**

Breck & Young Advisors, Inc. (CRD #40395, Folsom, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), to supervise the activities of its registered representatives and associated persons that was reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules with respect to its variable annuity (VA) business. The findings stated that under the firm's supervisory system, VA transactions for customers of registered persons who were firm employees were sent for review to corporate Office of Supervisory Jurisdiction (OSJ) locations where a principal conducted a suitability review before the application was submitted to the applicable insurance company, and the principal reviewer was required to evidence his approval of the transaction by signing the firm's VA and switch forms. The findings also stated that registered representatives who were independent contractors submitted their VA transactions to either their specified independent contractor OSJ principal or to a corporate OSJ office location for a suitability review before the application was submitted to the applicable insurance company; and similar to the corporate OSJs, independent contractor OSJ principals evidenced their approval of the transaction by signing the firm's VA and switch forms before forwarding the application to the insurance carrier and retaining a copy of the application and supporting documentation. The findings also included that the firm's supervisory system allowed producing independent contractor OSJ principals to review their own VA transactions and submit the applications directly to the insurance company; they were also required to send copies of all of the paperwork they sent to the insurance company to the firm's OSJ supervision manager for his review and approval, and the OSJ supervision manager was required to evidence his approval of the transaction by signing the firm's VA and switch forms.

FINRA found that some producing independent contractor OSJ principals self-approved their own VA exchanges, signing as both the registered representative of record and as the approving OSJ principal; there was no other signature or electronic stamp evidencing the OSJ supervision manager's review, and the firm's blotter identified that the same person was the registered representative and supervising principal for each transaction. FINRA also found that the firm failed to maintain WSPs reasonably designed to provide adequate guidance to its registered representatives and supervisors when making suitability determinations regarding VA transactions. In addition, FINRA determined that the firm's WSPs failed to set forth sufficient factors the registered representatives should consider in recommending a VA exchange or provide adequate guidance to the OSJ principal as to the factors to consider when reviewing VA placement transactions for suitability. Moreover, FINRA found that because the firm WSPs did not provide specific guidance on suitability of VA replacement transactions, OSJ principals sent customers follow-up letters on their VA exchange transactions that at times did not accurately specify the customers' reasons for their VA exchange. Furthermore, FINRA found that the firm failed to fully implement its

WSPs with respect to the review of VA exchange transactions as the firm did not reasonably enforce its procedures that required OSJ principals to review the subaccount allocations of the entering contract to ensure that they met the customers' investment objectives. The findings also included found that the firm did not require OSJ principals to conduct a supplemental review of subsequently selected subaccount allocations, nor did the OSJ principals always conduct such a supplemental review. **(FINRA Case #2008015068501)**

Commerce Square Trading, LLC fka Trading Services Group, LLC (CRD #26554, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report Trade Reporting and Compliance Engine™ (TRACE™)-eligible customer trades and one inter-dealer trade. The findings stated that the firm had in place adequate written supervisory procedures, which specified that all TRACE-eligible securities transactions were to be reported within required timeframes, TRACE report cards were to be reviewed, and corrective action was to be taken if necessary, but the firm failed to enforce these WSPs. **(FINRA Case #2009016131201)**

E*Trade Clearing LLC (CRD #25025, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from long sales, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity no later than the beginning of regular trading hours on the third consecutive settlement day following the settlement date for the transaction (i.e., T+6). The findings stated that the firm continued to have a fail-to-deliver position in the security at the registered clearing agency for 29 settlement days thereafter. **(FINRA Case #2008015351101)**

First Dallas Securities Incorporated (CRD #24549, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it implemented a succession plan that resulted in the transfer of ownership from the firm's chairman and majority shareholder to his relatives who were at that time minority shareholders, and the transfer represented 27.91 percent of the voting shares in the firm's holding company. The findings stated that the firm failed to file for FINRA approval of a material change in ownership or control at least 30 days prior to a 25 percent or greater indirect change in ownership or control. The findings also stated that the firm failed to file for FINRA approval of a material change in ownership or control related to the transfer until several years after the transfer had taken place. **(FINRA Case #2009016267801)**

Firsttrade Securities Inc. (CRD #16843, Flushing, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not have available, for examination by FINRA staff, facilities for immediate, easily readable projection or production of micrographic media or electronic storage media images and for producing easily readable images, as SEC Rule 17a-4(f)(3) (i) required. The findings stated that the firm maintained certain records in electronic formats but failed to notify its examining authority, FINRA, prior to employing electronic storage media. The findings also stated that the firm did not have in place an audit system providing for accountability regarding inputting of records required to be maintained and preserved under SEC Rules 17a-3 and 17a-4 to electronic storage media. The findings also included that the firm was required to have the results of such an audit system available for examination by FINRA staff. FINRA found that the firm failed to provide the required access to allow a third-party vendor to download information from its electronic storage media and file the required undertakings with the proper authorities, including FINRA. **(FINRA Case #2009016640101)**

FMSbonds, Inc. (CRD #7793, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$45,000 and required to revise its WSPs regarding best execution of corporate debt securities. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in corporate bond transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning best execution of corporate debt securities. The findings also stated that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE. **(FINRA Case #2006005350301)**

Great Nation Investment Corporation (CRD #19981, Amarillo, Texas) submitted an Offer of Settlement in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it underwrote a "minimum-maximum" bond offering an entity conducted. The findings stated that, according to the entity's prospectus, the offering would raise a minimum of \$99,000 and a maximum of \$2,500,000. The findings also stated that the prospectus stated that investor funds would be deposited in an interest-bearing escrow account with an escrow agent until the minimum offering amount was raised, and further stated that if the minimum offering amount was not raised during the offering period, all funds would be returned to investors. The findings also included that the firm, in connection with the offering, entered into an escrow agreement with a bank, which did business as the escrow agent, and among other provisions, the escrow agreement provided that the escrow agent should hold the escrow property in trust, commingled with similar funds of other issuers, in contravention of the requirements of SEC Rule 15c2-4.

FINRA found that upon receipt of funds from the offering, the escrow agent deposited the funds into an account at an unaffiliated third-party bank that was not a party to the escrow agreement, and investor funds from the offering were commingled with investment funds from several other unrelated offerings for which it served as escrow agent. FINRA also found that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules, and the firm's WSPs were deficient in that they did not have provisions regarding establishing and monitoring escrow accounts in connection with contingent securities offerings. In addition, FINRA determined that, in contravention of the terms of the prospectus, the firm accepted checks for the offering, totaling over \$100,000, which were made payable to the firm instead of the escrow agent. Moreover, the firm was found to have willfully violated Section 15(c) of the Securities Exchange Act of 1934, SEC Rule 15c2-4 and NASD Rule 2110. **(FINRA Case #2008011602901)**

J.P. Turner & Company, L.L.C. (CRD #43177, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it made available reports on the covered orders in national market system securities it received for execution from any person, and the reports included incorrect order execution information. **(FINRA Case #2009017323301)**

Kane, McKenna Capital, Inc. (CRD #24908, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it entered into financial advisory service agreements with municipalities and failed to file a Form G-37 to report entering into some of the financial advisory service agreements, and failed to timely file a Form G-37 to report some of the financial advisory service agreements on the dates it had entered into the agreements. The findings stated that, as a result, only a fraction of the executed agreements were timely reported on the date of the service agreement. The findings also stated that the firm used electronic media storage without disclosing its use to FINRA, and over the same time period, failed to utilize a third party with access and the ability to retrieve information from the firm's server. The findings also included that the firm wrote over back-up tapes monthly and did not store a duplicate copy.

FINRA found that the firm's WSPs indicated the need for filing a Form G-37, but the WSPs failed to require or even highlight that Forms G-37 must be filed at the time of entering into a service agreement and at the time of settlement date of the offering if the firm is still providing financial advisory services. FINRA also found that the firm had no WSPs regarding the need for disclosing electronic storage usage, a third party with access and a duplicate copy kept for the required time. **(FINRA Case #2009016350601)**

Newbridge Securities Corporation (CRD #104065, Ft. Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and written procedures relating to private offerings the firm sold to its customers. The findings stated that the firm's supervisory system and written procedures for private offerings were deficient; they did not identify due diligence steps to be taken for private offerings. The findings also stated that the firm approved for sale, and sold, various private offerings by an entity that raised approximately \$2.2 billion from over 20,000 investors through several Regulation D offerings. The findings also included that the entity made all interest and principal payments on these Regulation D offerings until it began experiencing liquidity problems and stopped making payments on some of its earlier offerings; nevertheless, the entity proceeded with another offering.

FINRA found that the firm's due diligence for the offering consisted merely of reviewing the PPM and investor subscription documents, without seeking or obtaining financial documents or information from the issuer regarding the offering, nor did the firm obtain any due diligence report for the offering or visit the issuer's facilities or meet with its key personnel. FINRA also found that the firm approved for sale, and sold, a total of \$258,597.16 to its customers for interests in another entity's private offering. In addition, FINRA determined that the firm failed to conduct due diligence for these offerings; among other things, it did not obtain offering documentation beyond the investor subscription documents. Moreover, FINRA found that the firm sold additional unregistered offerings to its customers and failed to conduct adequate due diligence for each of these other offerings. **(FINRA Case #2009016159401)**

St. Germain Securities, Inc. (CRD #3255, Springfield, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its written supervisory procedures regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit all of its orders to OATS that it was required to transmit during a particular period. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. **(FINRA Case #2007010604201)**

TradeStation Securities, Inc. (CRD #39473, Plantation, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it proceeded with new business operations prior to obtaining FINRA approval. The findings stated that the firm filed an Application for Approval of Change of Business Operations to move its futures business operations from fully-disclosed clearing to omnibus clearing operations, and while it requested expedited processing of its application, it did not wait for approval before commencing

omnibus clearing. The findings also stated that FINRA notified the firm by letter that it had conducted an initial review of the application and requested additional information regarding the firm and the proposed change in business operations. The findings also included that the firm provided the requested information to FINRA by letter, in which it notified FINRA that it made the required net capital increases and went live with its omnibus arrangement although FINRA had neither concluded its review of the application nor granted the firm's request for provisional approval to effect the change from fully disclosed to omnibus clearing operations.

FINRA found that at the time the firm was undergoing the approval process for its application, the firm was also contemplating a change in its business operations to prime brokerage. FINRA also found that the firm informed FINRA that prior to conducting any full-scale prime brokerage business, it intended to submit a separate Rule 1017 application. In addition, FINRA determined that the firm submitted another Application for Approval of Change of Business Operations requesting approval to conduct prime brokerage business, which FINRA approved, although the firm had been engaging in unapproved prime brokerage activity prior to approval. **(FINRA Case #2010023770401)**

UVEST Financial Services Group, Inc. (CRD #13787, Charlotte, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it allowed registered representatives to operate registered investment advisory (RIA) programs not affiliated with the firm. The findings stated that these RIA programs were operated by firm registered representatives who were dually registered as representatives and RIAs. The findings also stated that the RIA programs maintained accounts away from the firm and had assets under management of over \$350 million. The findings also included that the dually registered representatives who operated these RIA programs participated in the execution of securities transactions, through broker-dealers other than the firm, involving mostly equity investments.

FINRA found that because the firm viewed these RIA programs as outside business activities, the firm did not comply with its obligations under NASD Rule 3040 with regard to the RIA programs, including complying with supervisory obligations and the obligation to record the transactions on the firm's books and records. FINRA also found that the firm failed to record the transactions executed away from the firm in its books and records as required by NASD Rule 3040; failed to supervise registered representative/investment adviser (RR/IA)s' participation in the securities transactions executed through broker-dealers other than the firm; and failed to establish, maintain and enforce a supervisory system to supervise the RR/IA activities reasonably designed to provide an understanding of the nature of the services provided by its RR/IAs, the scope of each RR/IA's authority, and the suitability of the transactions in which the RR/IA participated. In addition, FINRA determined that the firm did not have WSPs to specifically address supervision of the securities activities of outside RIAs until a later date. **(FINRA Case #2008012048601)**

Weston International Capital Markets LLC (CRD #130742, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not retain certain books and records that were required to be retained pursuant to SEC Rule 17a-4, including employment applications, signed original Uniform Applications for Securities Industry Registration or Transfer (Forms U4), articles of incorporation, records of internal inspections, and compliance, supervisory and procedures manuals, including updates, modifications and revisions. The findings stated that several times the firm failed to properly designate a registered FINOP, but continued to file FOCUS reports as required. The findings also stated that the firm had at least one affiliated entity for which a website was established that referenced the firm's broker-dealer business. The findings also included that the website was never filed with and approved by FINRA's Advertising Regulation Department within 10 days of first use or publication, and the firm did not evidence that the website had been approved by a registered principal by signature or initial. FINRA found that the firm failed to conduct AML testing and training, and failed to timely file a quarterly FOCUS report. **(FINRA Case #2009016198601)**

Wulff, Hansen & Co. (CRD #908, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade time to the Real-time Transaction Reporting System (RTRS) in reports of transactions in municipal securities. The findings stated that the firm failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of trade time and reported one transaction it was not required to report to an RTRS Portal. The findings also stated that the firm failed to report the correct execution time on the memoranda of transactions in municipal securities. **(FINRA Case #2009020520401)**

Individuals Barred or Suspended

Irving Louis Adler (CRD #3175612, Registered Representative, Braintree, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Adler consented to the described sanction and to the entry of findings that he participated in private securities transactions when customers of his accounting firm and customers of his member firm purchased promissory notes an individual issued. The findings stated that Adler failed to provide written notice to his firm describing in detail the proposed transactions with the individual issuing the promissory notes, his proposed role therein, and stating whether he had received or might receive selling compensation in connection with the transactions. The findings also stated that Adler introduced his

clients to the individual and they invested a total of approximately \$2.5 million in the individual's promissory notes as a result of Adler's referrals. The findings also included that the individual paid Adler approximately \$16,434 in selling compensation for his referral. FINRA found that the customers and the investors lost a total of approximately \$2,103,375 and the firm made full restitution to Adler's clients even though some were not customers of the firm. **(FINRA Case #2010021436801)**

Scott Jeffrey Adler (CRD #3175603, Registered Representative, Sharon, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$36,434, which includes disgorgement of \$16,434 to be paid to the firm, and suspended from association with any FINRA member in any capacity for 12 months. The disgorgement must be paid to the firm within 60 days of the acceptance of the AWC, and the remaining fine must be paid either immediately upon Adler's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Adler consented to the described sanctions and to the entry of findings that he participated in private securities transactions when customers of his member firm and his accounting firm purchased promissory notes an individual issued. The findings stated that Adler failed to provide written notice to his firm describing in detail the proposed transactions with the individual issuing the promissory notes, his proposed role therein, and stating whether he had received or might receive selling compensation in connection with the transactions. The findings also stated that Adler introduced the customers to the individual and they invested a total of about \$700,000 in the individual's promissory notes as a result of Adler's referrals. The findings also included that the individual paid Adler approximately \$16,434 in selling compensation for his referral. FINRA found that the customers lost approximately \$630,000, and the firm made full restitution to Adler's clients even though one was not a customer of the firm.

The suspension is in effect from March 21, 2011, through March 20, 2012. **(FINRA Case #2010021436901)**

Steven John Argo (CRD #4418605, Registered Representative, Lockport, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Argo consented to the described sanction and to the entry of findings that he converted \$72,800 of customer funds by improperly obtaining checks from the customers purportedly to be used for the purchase of a customer's universal life insurance policies, for customers' unspecified investments and for adding to a customer's variable annuity. The findings stated that Argo deposited the customers' checks into his own personal bank account and converted the customers' funds for his own use. **(FINRA Case #2010025731101)**

Jamie Lawrence Baraldi (CRD #2326273, Registered Representative, Medford, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for five business days. In determining sanctions, FINRA took into account Baraldi's member firm's prior suspension for the same conduct. Without admitting or denying the findings, Baraldi consented to the described sanctions and to the entry of findings that he exercised discretion in customer accounts without written authorization and without his firm having accepted the accounts in writing as discretionary. The findings stated that Baraldi's firm prohibited discretionary trading in these types of customer accounts. The findings also stated that Baraldi determined that it would be in his clients' best interest to sell shares of perpetual preferred stock in a particular company after learning the company had recently announced that it would suspend the dividend on those shares. The findings also included that Baraldi contacted a few of his customers before effecting the transactions, but also sold the stock in the accounts of customers that he did not reach.

The suspension was in effect from April 4, 2011, through April 8, 2011. **(FINRA Case #2010021140901)**

Edward Charles Bartlett III (CRD #1808797, Registered Representative, Sagamore Hills, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Bartlett's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bartlett consented to the described sanctions and to the entry of findings that he signed customers' names to documents related to purchases of mutual funds and insurance products without authorization; while the customers authorized Bartlett to purchase the securities or insurance products for them, only one of the customers orally authorized Bartlett to sign his name. The findings stated that Bartlett signed customers' names to new account applications, client profiles, risk questionnaires, insurance applications and transaction confirmation forms. The findings also stated that in one instance, Bartlett forged a customer's name because he was concerned that he would lose a substantial commission if he went back to the customer to obtain her signature on a form.

The suspension is in effect from April 4, 2011, through September 3, 2011. **(FINRA Case #2009019969201)**

Steven Michael Beichert (CRD #1587444, Registered Principal, Merrick, New York) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Beichert's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory

disqualification, whichever is earlier. Without admitting or denying the allegations, Beichert consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information.

The suspension is in effect from March 21, 2011, through March 20, 2012. **(FINRA Case #2009016215302)**

David Joshua Berliner (CRD #2396290, Registered Principal, Hawley, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Berliner's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Berliner consented to the described sanctions and to the entry of findings that he failed to timely request amendment of his Form U4 to disclose material information, and even though he had previously orally disclosed the existence of the material information to another member firm, he failed to disclose its existence on his Form U4. The findings stated that Berliner ultimately disclosed the material information on his Form U4.

The suspension is in effect from April 4, 2011, through May 16, 2011. **(FINRA Case #2008016127401)**

Carl Henry Blanchard (CRD #3175596, Registered Representative, West Roxbury, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$31,434, which includes disgorgement of \$16,434 to be paid to the firm, and suspended from association with any FINRA member in any capacity for six months. The disgorgement must be paid to the firm within 60 days of the acceptance of the AWC, and the remaining fine must be paid either immediately upon Blanchard's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Blanchard consented to the described sanctions and to the entry of findings that he participated in private securities transactions when a client of his accounting firm purchased promissory notes an individual issued. The findings stated that Blanchard failed to provide written notice to his firm describing in detail the proposed transactions with the individual issuing the promissory notes, his proposed role therein, and stating whether he had received or might receive selling compensation in connection with the transactions. The findings also stated that Blanchard introduced the client to the individual, and the client invested a total of approximately \$325,000 in the individual's promissory notes as a result of Blanchard's referrals. The findings also included that the individual paid Blanchard about \$16,434 in selling compensation for his referral. FINRA found that the customer lost approximately \$290,000 as a result of the investment, and the firm made full restitution to Blanchard's client even though he was not a customer of the firm.

The suspension is in effect from March 21, 2011, through September 20, 2011. (FINRA Case #2010021436501)

Charles Hyman Brown (CRD #858501, Registered Principal, Coconut Creek, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 30 days. Without admitting or denying the findings, Brown consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative of his member firm who churned a customer trust account and recommended investments to the elderly beneficial owner of the trust account that were inconsistent with the customer's investment objectives, financial situation and needs. The findings stated that Brown served as the assistant branch manager for his firm's branch office and, as such, was one of the individuals at the firm with supervisory responsibility over the registered representatives at the branch office. The findings also stated that there were numerous red flags indicating that the registered representative was churning the trust account and recommending unsuitable investments to the customer. The findings also included that the red flags were the appearance of the account on numerous exception reports concerning active and aggressive trading; the account's relatively substantial fluctuations in value, including relatively significant declines in value in a certain year; the customer's age; the \$2,500 monthly withdrawals that the customer was taking from the account; and the prior customer complaints against the registered representative. FINRA found that despite these red flags, Brown failed to take adequate supervisory action reasonably designed to prevent the representative's churning of the trust account and recommendations of unsuitable investments to the customer.

The suspension is in effect from April 18, 2011, through May 17, 2011. (FINRA Case #2008011707003)

Robin Fran Bush (CRD #1994431, Registered Principal, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for six months. The fine must be paid either immediately upon Bush's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bush consented to the described sanctions and to the entry of findings that, as her member firm's CCO, she was responsible for creating, maintaining and updating her firm's WSPs and for conducting due diligence for private offerings. The findings stated that Bush's firm approved for sale, and sold, various private offerings and for one offering, Bush's due diligence consisted of reviewing the PPM and investor subscription documents, but she did not seek or obtain financial documents or information from the issuer regarding the offering, did not obtain any due diligence report, did not visit the issuer's facilities or meet with its key personnel. The findings also stated that Bush did not take steps to ensure, or otherwise verify, that other firm principals were conducting any due diligence of the offering's issuer.

FINRA found that the firm and Bush obtained a third-party due diligence report after firm customers had already invested in the offering. FINRA also found that for a third private offering her firm approved for sale and sold, Bush conducted due diligence after the product had been sold to customers; Bush's due diligence consisted of obtaining investor subscription documents without obtaining PPMs for the offerings, did not obtain any due diligence report from an independent third party and did not meet with any executives to understand the nature of the offerings. In addition, FINRA determined that Bush's firm sold additional, different unregistered offering to customers, and Bush, acting in her capacity as CCO and the designed principal for private offerings, failed to conduct due diligence for each of these other offerings. Moreover, FINRA found that the firm's supervisory system and the firm's written procedures for private offerings Bush drafted and maintained were deficient; these procedures Bush drafted and maintained did not identify, in any detail, specific due diligence steps to be taken for private offerings or identify specific documents to be obtained for private offerings the firm was contemplating selling. Furthermore, FINRA found that the firm's written procedures for private offering due diligence were conclusory, non-specific and lacking in the requisite minimum detail regarding steps to be taken and firm personnel responsible for such steps.

The suspension will be in effect from September 7, 2011, through March 6, 2012. **(FINRA Case #2009016159402)**

Gary Scot Cohen (CRD #3093483, Registered Principal, Berlin, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Cohen's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Cohen consented to the described sanctions and to the entry of findings that he sold equity indexed annuities (EIAs), issued by an insurance company that was not a FINRA member, outside the scope of his employment with a member firm, and without providing the firm prompt written notice of the business activity. The findings stated that Cohen effected undisclosed EIA sales totaling over \$1.5 million and received compensation totaling about \$176,000 from the transactions. The findings also stated that Cohen effected the sales directly with the insurance company that issued the EIAs rather than through the insurance company affiliated with his firm. The findings also included that Cohen completed an outside business activities questionnaire for the firm in which he falsely represented that he was not licensed as an insurance agent for the purpose of selling fixed insurance with any entity other than the insurance company affiliated with the firm and its approved programs, and that he had not engaged in any outside business activity.

The suspension is in effect from March 21, 2011, through July 20, 2011. **(FINRA Case #2009020792101)**

Reba Rose Cope (CRD #5056512, Associated Person, Crossnore, North Carolina) was barred from association with any FINRA member in any capacity. FINRA did not seek restitution because a bank reimbursed the customer for the amount Cope converted, plus interest. The sanction was based on findings that Cope converted customer funds. The findings stated that a customer of Cope's member firm's bank affiliate instructed her to use the proceeds from a maturing certificate of deposit (CD) to purchase new CDs in the names of different people. The findings also stated that Cope purchased one of the CDs, took the remaining proceeds of \$9,878.89, converted them to a cashier's check payable to the person for whom the CD should have been purchased, and later cashed the cashier's check and kept the money for her personal use. The findings also included that Cope failed to respond to FINRA requests for information and documents. **(FINRA Case #2009020243101)**

Kimberly Marie Crider (CRD #4428207, Registered Representative, Clinton Township, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Crider's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Crider consented to the described sanctions and to the entry of findings that she failed to timely respond to FINRA requests for information and documents.

The suspension is in effect from April 4, 2011, through October 3, 2011. **(FINRA Case #2010021440902)**

John Godfried Croes Jr. (CRD #2778261, Registered Representative, Davie, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for eight months. The fine must be paid either immediately upon Croes' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Croes consented to the described sanctions and to the entry of findings that he sold EIAs outside the scope of his employment relationship with his member firm and received approximately \$84,917.14 in compensation. The findings stated that Croes did not provide prompt written notice to his firm of his outside business activity, and represented on annual certification statements and/or outside business activity forms that he was either not engaged in outside business activity or that he had previously disclosed such activity; these representations were false. The findings also stated that despite a specific verbal warning by his firm to discontinue selling EIAs outside the firm's agency, Croes continued to do so, despite the firm's specific prohibition against doing so in its WSPs.

The suspension is in effect from April 4, 2011, through December 3, 2011. **(FINRA Case #2009017291201)**

Robin Bruce Davidson (CRD #1931402, Registered Principal, Santa Barbara, California) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 16 months. The fine must be paid either immediately upon Davidson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Davidson consented to the described sanctions and to the entry of findings that he recommended and participated in securities transactions outside the scope of his employment with his member firm when he recommended that clients, nearly all of whom were firm customers, participate in a managed foreign currency exchange-trading program; these clients invested \$2,682,518.19, for which he received \$3,894.64 in compensation for the referrals. The findings stated that Davidson did not provide prior written notice, or any notice at all, to the firm of his involvement with the transactions, nor was the firm aware of Davidson's recommendations and referrals until two months after his resignation when a customer complained about her losses. The findings also stated that the clients Davidson referred to the securities transactions lost more than \$2.4 million of the approximately \$2.68 million they had invested in the managed foreign currency exchange-trading program. The findings also included that Davidson signed a customer's name to multiple account-related documents without her knowledge or consent.

The suspension is in effect from April 15, 2011, through August 14, 2012. (FINRA Case #2008016063601)

Michael Jon Davies (CRD #4350288, Registered Representative, Portsmouth, Rhode Island) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the allegations, Davies consented to the described sanctions and to the entry of findings that he engaged in a pattern of check-kiting, in which he wrote checks totaling \$1,070 from his personal bank checking account, maintained at another bank and payable to himself, deposited the checks into another personal checking account of his that was maintained at his firm's bank affiliate, even though he knew or should have known that he had insufficient funds in his account maintained at the other bank to cover the checks, and then immediately withdrew these funds via automatic teller machine (ATM) from that checking account at his firm's bank. The findings stated that each of the checks was subsequently returned for insufficient funds.

The suspension is in effect from March 21, 2011, through September 20, 2011. (FINRA Case #2009020069601)

Jack Michael DeGiulio (CRD #4879165, Registered Representative, White Plains, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon DeGiulio's reassociation with a FINRA

member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, DeGiulio consented to the described sanctions and to the entry of findings that he falsely prepared a letter on the letterhead of one of his member firm's institutional customers without the customer's or firm's knowledge or authorization. The findings stated that DeGiulio addressed the letter to the customer's plan vendor, directing the plan vendor to change the commission split on the customer's 457 plan to reflect that DeGiulio would receive a 100 percent commission; originally, the customer's plan revenue reflected a commission split of 96 percent to DeGiulio and 4 percent to another registered representative. The findings also stated that DeGiulio's member firm agreed to have commission revenues flow solely to him in the short term after the other registered representative resigned, but advised him that he needed to obtain a letter from the customer acknowledging his role as the sole broker of record due to the other registered representative's resignation. The findings also included that the letter purportedly authorized DeGiulio to receive 100 percent of the commission from the plan revenue, and DeGiulio forged the signature of the customer's plan controller without her knowledge or authorization. FINRA found that DeGiulio's firm policy prohibits a registered representative from signing a customer's signature to any paperwork, regardless of whether the customer has given permission to do so, and prohibits a registered representative from signing a client's name on any form, with or without the client's authorization.

The suspension is in effect from March 21, 2011, through August 20, 2011. **(FINRA Case #2010021348101)**

Michael Paul Dickamore (CRD #4189328, Registered Representative, Farmington, Utah) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dickamore used his member firm's corporate credit card for personal expenses in the amount of \$50,413.56 without the firm's permission or authority, and submitted the charges as business expenses for the firm reimburse. The findings stated that during an interview with his firm, Dickamore admitted that he purchased personal items with his corporate credit card and falsely identified those items as business expenses. The findings also stated that Dickamore reimbursed the firm in full. The findings also included that Dickamore failed to respond to FINRA requests for information and failed to appear for on-the-record testimony. **(FINRA Case #2009017212301)**

Anthony Joseph DiGiovanni Sr. (CRD #601698, Registered Principal, Florham Park, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, DiGiovanni consented to the described sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony. **(FINRA Case #2010024977701)**

Anthony Joseph DiGiovanni Jr. (CRD #4787615, Registered Representative, East Hanover, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, DiGiovanni consented to the described sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony. **(FINRA Case #2010024977702)**

Perry Louis DuLong Jr. (CRD #2446383, Registered Representative, Beaverton, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, DuLong consented to the described sanctions and to the entry of findings that he executed unauthorized purchases in the account of his member firm's customer who opened a non-discretionary securities account at the firm; DuLong was the broker of record for the account. The findings stated that the individual died of natural causes, and after the individual's death, DuLong executed the purchase of shares in the amount of \$20,635 in the individual's account. The findings also stated that DuLong executed the purchase of additional shares in the amount of \$53,393.50 in the individual's account. The findings also included that DuLong executed both transactions without the individual's authorization and in the absence of authorization to exercise discretion in the individual's account.

The suspension was in effect from April 18, 2011, through May 2, 2011. **(FINRA Case #2009019529601)**

Richard Wolff Dumont (CRD #2752684, Registered Representative, Manchester, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 15 business days. In light of Dumont's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Dumont consented to the described sanction and to the entry of findings that he effected a call option transaction in a margin account without the customer's authorization.

The suspension was in effect from March 21, 2011, through April 8, 2011. **(FINRA Case #2009016565601)**

John Matthew Dwyer III (CRD #2376954, Registered Representative, Atlanta, Georgia) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Dwyer consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. **(FINRA Case #2009020095001)**

Dale Allen Eppler (CRD #1112337, Registered Representative, Holmen, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Eppler's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Eppler consented to the described sanctions and to the entry of findings that he disclosed his outside business activities to his member firm as part of a branch office review and reported that he was engaged in the sale of new and renewal sales of a particular company's insurance products that his firm did not approve for sale. The findings stated that in response to the disclosure, Eppler was informed, orally and in writing, that he should discontinue selling those products and he could only receive renewals on prior sales. The findings also stated that Eppler was sent an email reminding him of deficiencies found in the branch examination, which included his sale of the particular insurance products, and that he was to discontinue selling the insurance products; he responded that all of the deficiencies had been corrected, which was untrue because Eppler continued to sell the non-approved insurance products and received \$967.79 as commissions from the sales. The findings also included that Eppler's branch office was again reviewed, and as part of that review, Eppler reported his outside business activities and reported that he was receiving commissions only for renewals of the non-approved insurance products, which was false, in that Eppler continued to sell new non-approved insurance policies, for which he received compensation. FINRA found that Eppler engaged in these activities without giving prompt written notice to his firm that he was continuing to sell new non-approved insurance policies.

The suspension is in effect from April 4, 2011, through October 3, 2011. **(FINRA Case #2009018149601)**

Eric Renard Garrison (CRD #2060958, Registered Principal, Baltimore, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for three months, and ordered to pay \$2,370, plus interest, in restitution to a customer. The fine and restitution must be paid either immediately upon Garrison's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Garrison consented to the described sanctions and to the entry of findings that he borrowed \$3,000 from a relative who was a customer at his member firm. The findings stated that the firm's procedures generally prohibited borrowing money from customers, except in limited circumstances; those procedures required registered representatives to make a written request and obtain written approval before entering into such loans. The findings also stated that Garrison did not make a request and the firm did not give him approval to enter into that loan. The findings also included that Garrison failed to repay the loan by the deadline and has repaid only \$630.

The suspension is in effect from March 7, 2011, through June 6, 2011. **(FINRA Case #2009020931201)**

Christian Genitrini (CRD #3277581, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000, suspended from association with any FINRA member in any capacity for two years, and required to requalify by exam for Series 7 and Series 63 before becoming re-associated with a member firm after the expiration of the suspension term. The fine shall be paid in installments beginning 90 days after Genitrini's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Genitrini consented to the described sanctions and to the entry of findings that he advertised guaranteed returns on investments of up to 20 percent per year on a website belonging to a company he wholly owned; Genitrini claimed that his company was a full-service investment firm and would, among other claims, provide high-yield investment opportunities. The findings stated that the website declared that the company invested nationwide and all industries were considered, but did not disclose the nature of the investment product or the risks of investment. The findings also stated that Genitrini's ads appeared on other websites guaranteeing returns, and his company's contemplated private placement documents provided no assurance that by following its current investment strategy, it would be successful or profitable; the subscription agreement also stated that the investments the company carried might be volatile and present operational risks. The findings also included that Genitrini's Internet ads constituted communications with the public; were not based on principles of fair dealing and good faith; were not fair and balanced; did not disclose risks associated with the investment; guaranteed promising returns that were exaggerated, unwarranted or misleading; and the predictions of performance were also exaggerated or unwarranted.

FINRA found that Genitrini's private offering of securities, which involved promissory notes his company issued according to the private placement memorandum, was not made pursuant to an effective registration statement filed with the SEC; the offering was intended to be made pursuant to the exemption from registration in Section 4(2) of Rule 506 of Regulation D of the Securities Act of 1933, which prohibits offers or sales of securities by any form of general solicitation or general advertising. FINRA also found that Genitrini's use of the Internet and his company's website violated Section 5 of the Securities Act of 1933, and guaranteeing returns in the offer of securities over the Internet violated Section 17(a)(1) of the Securities Act of 1933. In addition, FINRA determined that Genitrini falsely described his work with his company on his member firm's outside business activity disclosure form and also failed to disclose that he maintained a website for the company; Genitrini told his firm, in writing, that his business and website were for tax-planning services.

The suspension is in effect from April 4, 2011, through April 3, 2013. **(FINRA Case #2010022859701)**

Ronald Lee Gershon (CRD #2243116, Registered Representative, Sherman Oaks, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,684.75, which includes the financial benefit Gershon received for transactions, and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Gershon consented to the described sanctions and to the entry of findings that he and his partner, in conjunction with an investment strategy that they devised, recommended purchases and sales of securities to a customer of his member firm that were unsuitable for that customer based on the customer's financial circumstances, tax status, investment objectives and other information available to Gershon about the customer at the time he made the recommendations. The findings stated that Gershon and his partner initially recommended that the customer invest in auction rate securities and the customer followed the recommendations, which were not unsuitable for the customer. The findings also stated that Gershon and his partner recommended that the customer begin to liquidate the auction rate securities and transition into preferred securities, focusing on new issues; the customer agreed to follow these recommendations. The findings also included that Gershon and his partner recommended the purchase of preferred securities that were rated investment grade. FINRA found that after some time, Gershon and his partner recommended, and the customer purchased, preferred securities that were increasingly below investment grade or not rated, and these recommendations were unsuitable for the customer as it resulted in the acquisition of securities that posed greater risk than warranted and exposed her principal to excessive risk of loss.

The suspension was in effect from April 18, 2011, through May 2, 2011. **(FINRA Case #2008013000802)**

Denise Lynn Gizankis (CRD #5200022, Registered Representative, Erie, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Gizankis' reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gizankis consented to the described sanctions and to the entry of findings that she failed to timely respond to FINRA requests for documents and information.

The suspension is in effect from March 21, 2011, through September 20, 2011. **(FINRA Case #2010021840402)**

Ernesto Zuniga Gomez (CRD #4713558, Registered Representative, San Diego, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Gomez created verbal authorization forms (VAFs) that falsely represented that customers had given him verbal authorization to transfer funds from their accounts to other customers' accounts, thereby improperly using customer funds.

The findings stated that the VAFs contained false representations as to why the funds were being transferred between his customers' accounts, and these false VAFs were part of his member firm's records; therefore, Gomez falsified his firm's records. The findings also stated that Gomez' firm returned the customers' funds after they complained about the unauthorized transfers. FINRA found that Gomez failed to respond to FINRA requests for information. **(FINRA Case #2008015692801)**

Andrew Paul Gonchar (CRD #1659516, Registered Representative, Staten Island, New York) and Polyvios Tony Polyviou (CRD #1659532, Registered Representative, Upper Saddle River, New Jersey) were each fined \$114,022 and barred from association with any FINRA member in any capacity. The United States Court of Appeals for the Second Circuit affirmed the sanctions following appeal of an SEC order sustaining the NAC's decision. The sanctions were based on findings that Gonchar and Polyviou fraudulently interpositioned a third-party account between their member firm and retail customers in convertible bond trades, knowingly denied their customers best execution and charged the customers undisclosed, fraudulently excessive markups. **(FINRA Case #CAF20040058)**

Joshua Daniel Gould (CRD #4617397, Registered Representative, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gould consented to the described sanction and to the entry of findings that he converted more than \$1,315,000 from customers who had purchased annuities from him by, among other deceptive means and devices, convincing his customers to sign blank annuity withdrawal request forms, which he subsequently completed with instructions to the insurance companies to transfer his customers' funds to a bank account held in the name of a company he owned and controlled. The findings stated that in some instances, the withdrawal request forms contained a medallion signature guarantee that he improperly obtained. The findings also stated that Gould converted funds from other annuity customers by using withdrawal request forms that contained customers' signatures to direct insurance companies to transfer funds from the customers' annuities to his bank account. The findings also included that Gould unlawfully converted customer funds from customers' brokerage accounts by, among other deceptive means and devices, improperly transferring funds from their brokerage accounts to the bank account he owned and controlled.

FINRA found that the customers either did not authorize or were not aware of the conversion resulting from the transfer of funds from their annuities and brokerage accounts to Gould's bank account. FINRA also found that Gould used the unlawfully converted funds to pay for his own personal and business expenses; none of the customers were aware he was withdrawing funds for his personal use. In addition, FINRA determined that on numerous occasions, Gould falsified documents to make it appear that customers had authorized the transfer of funds from their annuities and brokerage accounts to his bank account, and in some instances, effectuated these transfers by convincing customers to sign withdrawal request forms, some of which were blank. **(FINRA Case #2010024945501)**

James Jerome Heffers Sr. (CRD #241577, Registered Representative, Kingston, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Heffers consented to the described sanction and to the entry of findings that he failed to provide FINRA with information and documents. The findings stated that Heffers submitted a written response to FINRA, but in it he failed to respond to certain questions and thereby failed to provide information that was material to an investigation. The findings also stated that Heffers notified FINRA that he would not provide any additional information in writing and would not provide the requested documents. **(FINRA Case #2010025152401)**

William Thomas Hernandez (CRD #2815703, Registered Representative, Louisville, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hernandez consented to the described sanction and to the entry of findings that he converted a total of \$98,559.12 from elderly customers for his own personal use and benefit. The findings stated that Hernandez received checks totaling \$14,378.27 from a customer to be deposited into the customer's brokerage account at his member firm for investment purposes. The findings also stated that Hernandez did not invest those funds; instead, he deposited the checks into his personal checking account. The findings also included that Hernandez, without any authorization, withdrew \$60,220.85 from a checking account belonging to a customer of his firm's bank affiliate and then deposited those funds into his personal investment account, converting the proceeds for his own use and benefit. FINRA found that Hernandez, again without any authorization, withdrew another \$24,000 from that same customer's account and deposited the funds into his personal checking account. FINRA also found that Hernandez failed to respond to FINRA requests for information and documents. **(FINRA Case #2010025260501)**

Steven Rand Hill (CRD #4288639, Registered Representative, Leander, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Hill consented to the described sanctions and to the entry of findings that he exercised discretion in customers' joint account without obtaining written authorization from the customers and without his member firm's acceptance of the account as discretionary; the firm only permitted registered representatives to exercise discretion if the customer had executed a discretionary authority form and the firm had approved the account as discretionary in writing. The findings stated that Hill exercised discretion in another customer's account without obtaining written authorization from the customer and without acceptance of the account as discretionary by another member firm with which he was associated, which did not permit registered representatives to exercise discretion in customer accounts.

The suspension is in effect from April 18, 2011, through May 17, 2011. **(FINRA Case #2009017214901)**

Nick Nobuo Ichimaru (CRD #1564597, Registered Principal, Rancho Palos Verdes, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000, suspended from association with any FINRA member in any capacity for 18 months and ordered to pay restitution to a customer in accordance with a stipulated judgment. The fine must be paid either immediately upon Ichimaru's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Proof of payment of restitution shall be provided to FINRA no later than 120 days after final payment. Without admitting or denying the findings, Ichimaru consented to the described sanctions and to the entry of findings that he sold viaticals to his member firm's customers and outside investors, and earned approximately \$10,147 as a result of his viatical sales without giving his firm any notice, written or otherwise, that he had sold viaticals. The findings stated that Ichimaru's member firm's policies and procedures specifically prohibited its registered representatives from participating in any manner in any securities transaction outside the regular course or scope of their employment with the firm without prior written notice to, and prior written approval from, the firm, and specifically prohibited the sales of viaticals. The findings also stated that Ichimaru was first informed of the firm's prohibition against viatical sales at a pre-hire meeting with the firm's chairman; throughout his employment, the firm provided Ichimaru with annual compliance questionnaires, bulletins and other documentation on a regular basis that clearly stated that the firm prohibited viatical sales. The findings also included that Ichimaru completed and submitted an annual compliance questionnaire indicating that he had engaged in activity involving viatical contracts.

FINRA found that after seeing Ichimaru's response, the firm's CCO sent Ichimaru an email asking if he had cancelled, as instructed, the viatical contract that he had recently signed; in response, Ichimaru falsely stated that he canceled the contract, did not sell any viatical product and got a contract but never sold. FINRA also found that Ichimaru had numerous other opportunities to divulge the full extent of his viatical involvement, but failed to do so. In addition, FINRA determined that a state agency notified the firm that it had received a complaint from one of Ichimaru's firm customers concerning a viatical she had purchased through him. Moreover, FINRA found that in his response to his firm regarding the complaint, Ichimaru stated that he did not sell a viatical to the customer, which was false. Furthermore, FINRA found that after his firm became aware of the customer's complaint, it audited Ichimaru's branch office and he told the firm auditor that the only viatical he had sold was to that customer, and that the sale occurred prior to his employment with the firm; these statements were false. The findings also stated that on several additional occasions, Ichimaru falsely stated to the firm that he did not engage in any viatical sales when he had actually sold viaticals to individuals, and Ichimaru knew that his written and verbal statements were inaccurate or incomplete. The findings also included that when Ichimaru was a firm branch office manager, he was aware that a registered representative whom he supervised had sold viaticals to outside investors and was also aware that another associated person he supervised was associated with an outside company that sold

viaticals. FINRA found that when Ichimaru supervised the associated person, he knew that the associated person had established a website for another viatical company and that the associated person ran this website with the assistance of another associated person, who was also under Ichimaru's supervision at the firm. FINRA also found that Ichimaru failed to adequately supervise these individuals by knowingly allowing them to engage in, and be compensated for, their private securities transactions and outside business activities.

The suspension is in effect from March 21, 2011, through September 20, 2012. **(FINRA Case #2009017628302)**

William Howard Irving (CRD #1541064, Registered Representative, Duxbury, Massachusetts) was fined \$10,000 and suspended from association with any FINRA member in any capacity until he satisfies an arbitration award owed to his former member firm; and upon satisfaction of the award, he will be suspended for 30 business days thereafter. If Irving fails to pay the award in full within 12 months, the suspension will convert to a bar. The sanctions were based on findings that Irving failed to satisfy an arbitration award. The findings stated that Howard currently owes the firm \$19,590.34.

The suspension is in effect from March 21, 2011. **(FINRA Case #2009017856601)**

Douglas Daniel Ivan (CRD #2321165, Registered Principal, Newport Beach, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ivan consented to the described sanction and to the entry of findings that without his member firm's knowledge, consent or authorization, he executed an agreement purportedly on the firm's behalf, in which a non-customer corporation agreed to pay the firm a \$35,000 refundable deposit in exchange for the firm agreeing to act as an exclusive placement agent to assist the corporation in arranging for \$8 million dollars in debt financing. The findings stated that in connection with this agreement, Ivan instructed the corporation to wire the \$35,000 deposit to a personal brokerage account he controlled at another FINRA member firm. The findings also stated that rather than using the funds as he represented to the corporation and in accordance with the terms of the signed agreement, Ivan diverted the corporation's funds by wiring \$25,000 of the deposit to another business entity that was supposedly going to assist the corporation with arranging the financing and used the remaining \$10,000 for his personal benefit. The findings also included that the debt financing for the corporation never materialized, and the corporation did not receive the return of its \$35,000 deposit.

FINRA found that Ivan made untruthful statements and provided false documents to FINRA when he untruthfully represented in his written response to FINRA that he had forwarded the \$35,000 from the corporation to a business entity assisting with the financing, and that he did not receive any compensation or payments relating to his participation in arranging the financing. FINRA also found that Ivan provided FINRA a document purporting to be an account statement for his outside brokerage account, which falsely reflected a wire

transfer of \$35,000 out of his account to a business entity assisting with the arrangement of financing, when in fact, the wire transfer amount had only been \$25,000. In addition, FINRA determined that the brokerage account statement had false entries for the figures representing the total amount of checks written and the total amount of checking, debit card and cash withdrawals. Moreover, FINRA found that Ivan held a financial interest in a brokerage account maintained at another FINRA member firm without giving prompt written notification to the firm that he had such an account, and without notifying the other brokerage firm of his association with his member firm. Furthermore, FINRA found that Ivan falsely answered “N/A” on the firm’s outside brokerage account new hire certification form when requested to list every brokerage account over which he had full or partial ownership. **(FINRA Case #2010022805201)**

Michael Steven Jacobson (CRD #2042591, Registered Representative, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Jacobson’s reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Jacobson consented to the described sanctions and to the entry of findings that he sold EIAs outside the scope of his employment relationship with a member firm, and received approximately \$488,266.41 in compensation. The findings stated that Jacobson failed to give prompt written notice to his firm of his outside business activity and represented on annual certification statements and/or outside business activity forms that he was either not engaged in outside business activity or had previously disclosed such activity; these representations were false. The findings also stated that despite a specific verbal warning from his firm to discontinue selling EIAs outside his firm’s agency, he continued to do so despite the firm’s specific prohibition against doing so in its WSPs.

The suspension is in effect from April 4, 2011, through October 3, 2012. **(FINRA Case #2009017282401)**

Lloyd Kramer (CRD #1194434, Registered Principal, Boynton Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 30 days. The fine must be paid either immediately upon Kramer’s reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kramer consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative of his member firm who churned a customer trust account and recommended unsuitable investments to the trust account’s elderly beneficial owner. The findings stated that Kramer served as a compliance officer for his firm, and as such, was one of the individuals at the firm with supervisory responsibility over the registered representatives at a branch office. The findings also stated that there

were numerous red flags indicating that the registered representative was churning the trust account and recommending unsuitable investments to the customer; the red flags were the appearance of the account on numerous exception reports concerning active and aggressive trading; the account's relatively substantial fluctuations in value, including relatively significant declines in value in a certain year; the customer's age; the \$2,500 monthly withdrawals that the customer was taking from the account; and the prior customer complaints against the registered representative. FINRA found that despite these red flags, Kramer failed to take adequate supervisory action reasonably designed to prevent the representative's churning of the trust account and recommendations of unsuitable investments to the customer.

The suspension was in effect from April 4, 2011, through May 3, 2011. **(FINRA Case #2008011707004)**

Jon David Kurzmann (CRD #1554038, Registered Representative, Bel Air, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kurzmann consented to the described sanction and to the entry of findings that he borrowed \$5,000 from one of his customers at his member firm. The findings stated that the loan terms were not memorialized in writing, and when the borrowing occurred, Kurzmann's firm prohibited its representatives from borrowing money from customers. The findings also stated that Kurzmann did not obtain the firm's approval to borrow money from the customer and did not disclose to the firm that he had borrowed money from a customer; moreover, the borrowing arrangements did not otherwise meet the conditions set forth in NASD Rule 2370(a)(2). The findings also included that Kurzmann served as the treasurer and as a board member of an incorporated scholarship fund. FINRA found that as the fund's treasurer, he received monthly account statements for a securities account that the fund owned at a FINRA member firm; Kurzmann was the representative for that account. FINRA also found that Kurzmann provided board members, orally and in writing, materially false information about the total value of the fund's investments, in that he overstated the total value of the fund's investments. **(FINRA Case #2009018783801)**

Eric Langholtz (CRD #1928733, Registered Representative, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Langholtz' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Langholtz consented to the described sanctions and to the entry of findings that he sold EIAs outside the scope of his employment relationship with his member firm and received approximately \$74,498.65 in compensation. The findings stated that Langholtz did not provide prompt written notice to his firm of the outside business activity and on at least one occasion, represented on a firm outside business activity form that he was not

engaged in outside business activity regarding non-variable insurance or annuities of other companies except through an approved firm agency selling agreement; that representation was false since he had received compensation from the outside sale of EIAs. The findings also stated that Langholtz continued to engage in selling EIAs outside the firm's agency despite its specific prohibition against doing so in its WSPs.

The suspension is in effect from April 4, 2011, through September 3, 2011. **(FINRA Case #2009017282801)**

Brian Douglas Lenart (CRD #736107, Registered Principal, Riverside, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in a FINOP capacity for 10 business days. Without admitting or denying the findings, Lenart consented to the described sanctions and to the entry of findings that he permitted his member firm to conduct a securities business while failing to maintain minimum net capital as required by SEC Rule 15c3-1. The findings stated that Lenart caused his firm's net capital violations primarily by including the proceeds of a wire transfer that were not received until after the month end, failing to accrue liabilities, including fee receivables that had no offsetting payable or that were earned more than 60 days prior to the month end, and including the value of transferred equity shares that were not posted to the firm's account until after the month end. The findings also stated that Lenart caused his firm to violate SEC Rule 17a-3 by overstating net capital for several months and to violate SEC Rule 17a-5 by filing inaccurate FOCUS reports. The findings also included that Lenart permitted the firm to violate SEC Rule 17a-3 by preparing inaccurate general ledgers.

The suspension was in effect from April 18, 2011, through May 2, 2011. **(FINRA Case #2010021047901)**

Cesar Madrigal (CRD #4572698, Registered Representative, Deer Park, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Madrigal misappropriated \$102,054.55 from customers' bank accounts by using forged customer signatures on partial withdrawal general ledger tickets. The findings stated that Madrigal admitted to his member that he had engaged in this misconduct. The findings also stated that Madrigal failed to respond to FINRA requests for information. **(FINRA Case #2009019322001)**

Sourichanh Malivarn (CRD #4722533, Registered Representative, Rockford, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Malivarn used her position as a licensed banker to create a personal installment loan account in a bank customer's name and withdrew \$10,000 in loan proceeds without the customer's or the bank's knowledge or permission. The findings stated that Malivarn manipulated the address on the loan account so that correspondence, including the loan billing statements, would be sent to the banking center at her branch

office of the bank, and not to the customer's home address. The findings also stated that Malivarn made approximately \$600 in payments on the loan and used the remaining funds for her own purposes. The findings also included that when Malivarn could no longer make payments on the loan and it became delinquent, the bank's collections department contacted the customer regarding the delinquency and he informed the bank that he had declined to take such a loan from the bank. FINRA found that Malivarn's bank investigated the circumstances of the loan and Malivarn confessed to processing the loan and using the funds for her personal purposes. FINRA also found that Malivarn failed to respond to FINRA requests for information. **(FINRA Case #2009020085601)**

Marco Antonio Martin (CRD #3100944, Registered Representative, Toronto, Canada) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Martin consented to the described sanction and to the entry of findings that he executed more than 50 unauthorized trades in a customer account and hid the losses that resulted from the unauthorized trades by sending the customer false and misleading monthly account summaries over a period of nearly two years that misrepresented the value of the account and failed to accurately reflect the substantial losses that had been incurred. The findings stated that Martin purchased mutual fund shares for another customer's account at the cost of \$126,000 without the customer's prior authorization or approval. **(FINRA Case #2008014982901)**

Paul Ricky Mata (CRD #1791367, Registered Principal, Upland, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 12 months. The fine must be paid either immediately upon Mata's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mata consented to the described sanctions and to the entry of findings that he participated in private securities transactions without prior written notice to, and prior written approval or acknowledgment from, his firm for these activities. The findings stated that Mata participated in outside business activities and failed to provide prompt written notice to his firm regarding these activities, for which he received compensation totaling \$21,417.44. The findings also stated that Mata participated in numerous sales seminars with customers in which he failed to obtain prior written approval from a firm principal for the sales literature used in his seminars; failed to file the sales literature used in his seminars, which included information on variable contracts, with FINRA's Advertising Regulation Department; and used sales literature in his seminars that was not fair and balanced, contained exaggerated or unwarranted claims, and contained predictions of performance.

The suspension is in effect from April 4, 2011, through April 3, 2012. **(FINRA Case #2009017465601)**

Devon Coulin McLean (CRD #4072332, Registered Representative, Homestead, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McLean consented to the described sanction and to the entry of findings that he failed to provide written notice of his involvement in unapproved private securities transactions to his member firm and lied to his firm during monthly supervisory meetings. The findings stated that McLean's member firm prohibited its registered representatives from engaging in any private securities transactions unless they were personal investments and only after obtaining the firm's prior written approval, but McLean referred a customer and another individual to someone who was raising monies for real estate projects. The findings also stated that these individuals invested approximately \$75,000 in promissory notes with entities controlled by the individual to whom McLean referred them, and McLean received \$1,500 in cash for the referrals. The findings also included that due to concerns stemming from items reported on McLean's personal credit report, his firm placed him on heightened supervision and, among other things, McLean was required to meet with his supervisor monthly to discuss securities-related and outside business activities; but not once during these meetings did McLean disclose his involvement with the individual.

FINRA found that in fact, on seven separate occasions, he signed statements affirming that he was not engaged in outside business activity beyond those already disclosed and that it was unnecessary to update his Form U4. FINRA also found that while employed by another member firm, McLean acted as an agent for an entity not affiliated with his firm and over which his firm had no control, without providing written notice to his firm or receiving his firm's approval to serve in this role. In addition, FINRA determined that as an agent for the entity, McLean introduced individuals to an individual through whom they invested in a purported diamond mining operation. Moreover, FINRA found that these individuals entered into promissory notes, investing more than \$40,000 with an entity the individual controlled. Furthermore, FINRA found that in addition to making referrals, as an agent for the entity, McLean was expected to provide financial and consulting advice to investors once their investments began earning profits, and in exchange, McLean stood to earn \$2 million worth of shares in a company the individual controlled. The findings also stated that McLean failed to respond fully to FINRA requests for documents and information. **(FINRA Case #2009016806001)**

Thomas W. McMahon (CRD #5437890, Registered Representative, Ridgeland, Mississippi) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon McMahon's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, McMahon consented to the described sanctions and to the entry of findings that he sat for the Uniform Investment Advisor Law (Series 65) examination, during which

he possessed unauthorized materials. The findings stated that McMahon electronically confirmed his agreement to abide by the rules of conduct and that he would immediately turn over any personal items such as notes, formulas, study materials or electronic devices to the testing center staff. The findings also stated that despite these restrictions, while taking the examination, McMahon possessed a page of handwritten notes, containing material relevant to the examination, underneath scratch paper that was found on his desk during the examination.

The suspension is in effect from April 4, 2011, through April 3, 2013. **(FINRA Case #2010024706201)**

Penena Karpel McRoberts (CRD #1909901, Registered Representative, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$20,000, which includes the disgorgement of commissions received of \$9,600, and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon McRoberts' reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, McRoberts consented to the described sanctions and to the entry of findings that she effected private securities transactions without requesting and receiving her member firms' permission. The findings stated that McRoberts sold \$142,128 in promissory notes secured by pooled life settlements. The findings also stated that prior to engaging in these transactions, while associated with one of the firms, McRoberts had signed an Acknowledgement of Receipt and Review of Compliance Procedure Manual which stated that no private securities (or other investment or insurance) transaction may in any way be participated in by a representative unless the compliance director approves it in advance. The findings also included that despite McRoberts' acknowledgement of the firm's procedures, she failed to give written notice of her intention to participate in the sale of the securities to, and failed to obtain written approval from, her firm prior to the transactions.

FINRA found that McRoberts effected private securities transactions while registered with another member firm and also failed to give written notice of her intention to participate in the sale of the securities, and failed to obtain her firm's written approval prior to the transaction. FINRA also found that McRoberts received \$9,600 in commissions from the transactions. In addition, FINRA determined that the investments McRoberts sold were not suitable for her clients; McRoberts failed to conduct adequate due diligence and thus had no reasonable basis to determine whether the investments were suitable for her clients.

The suspension is in effect from March 21, 2011, through March 20, 2012. **(FINRA Case #2009017606101)**

John Edward Mullins (CRD #1007176, Registered Representative, Margate, New Jersey) and Kathleen Maria Mullins (CRD #2790621, Registered Representative, Margate, New Jersey). John Mullins was barred from association with any FINRA member in any capacity. Kathleen Mullins was fined \$20,000, suspended from association with any FINRA member in any capacity for nine months and ordered to requalify before acting in any capacity requiring registration. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that John and Kathleen Mullins failed to disclose and misstated material information on annual compliance questionnaires their member firm required, thereby causing their firm to maintain inaccurate books and records. The findings also stated that John and Kathleen Mullins borrowed \$100,000 from a customer without requesting or obtaining their firm's approval. The findings also included that John Mullins converted and made improper use of customer funds and breached fiduciary responsibilities he owed as an officer and trustee to a corporate customer.

John and Kathleen Mullins have appealed the decision to the SEC. John Mullins' bar remains in effect pending consideration of the appeal. Kathleen Mullins' sanctions are not in effect pending consideration of the appeal. **(FINRA Cases #2007009434501 & 2007011177501)**

Lisa Ann Myers (ID #11028031, Associated Person, Blue Springs, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Myers consented to the described sanction and to the entry of findings that she submitted forged and otherwise falsified documents to a member firm in order to open a money market account in a firm customer's name without the customer's knowledge or consent. The findings stated that Myers routinely deposited and transferred money into the account, wrote checks from the account, forged the customer's signature on those checks, and made debit card transactions with funds from the account without the customer's knowledge or consent. The findings also stated that Myers failed to respond to FINRA requests for information; but, in subsequent correspondence with FINRA, indicated that she had received at least one of the requests, but did not respond to any of them. **(FINRA Case #2009021049701)**

Guy Tilton Piche (CRD #2332581, Registered Representative, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Piche consented to the described sanction and to the entry of findings that he engaged in a private securities transaction without providing notice, written or otherwise, to his member firm, in that he facilitated an investment in a life settlement bond by a customer of his firm by bringing the investment opportunity to the customer's attention and providing her with a salesperson's name. The findings stated that the customer subsequently invested \$75,000, on which she was promised a 10 percent annual return. The findings also stated that Piche failed to respond to FINRA requests for copies of a Form W-2 Wage and Tax Statements to determine if he had received compensation in connection with the customer's investment. **(FINRA Case #2009017685601)**

Mark Hermann Pollack (CRD #2595013, Registered Representative, Teaneck, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 60 days, and ordered to pay \$40,000, plus interest, in restitution to a customer. The fine and restitution amounts must be paid either immediately upon Pollack's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pollack consented to the described sanctions and to the entry of findings that he borrowed \$40,000 from a customer at his member firm contrary to his firm's WSPs prohibiting its registered representatives from borrowing funds from customers. The findings stated that Pollack executed a contract whereby he agreed to repay the customer the funds within one year; but to date, Pollack had not paid back the funds.

The suspension is in effect from April 4, 2011, through June 2, 2011. **(FINRA Case #2009019904201)**

Jose Antonio Rivera (CRD #1822783, Registered Representative, Fort Myers, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Rivera's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Rivera consented to the described sanctions and to the entry of findings that he borrowed a total of approximately \$19,000 from a firm customer, signing promissory notes for the loans, contrary to firm policy that prohibited representatives from borrowing from a customer unless the customer was an immediate family member and the representative received the firm's prior written approval. The findings stated that the customer was not a family member and Rivera never informed the firm of the loan. The findings also stated that Rivera failed to repay the funds in full and his firm entered into a settlement with the customer, repaying the \$17,700 still owed to the customer; Rivera did not make any contribution to the settlement.

The suspension is in effect from April 4, 2011, through July 3, 2011. **(FINRA Case #2010022031601)**

Ryan Seth Sackstein (CRD #4304667, Registered Representative, Hewlett, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Sackstein requested a customer sign a written agreement, drafted on his member firm's letterhead, authorizing Sackstein to exercise discretion in sales transactions in an account, contrary to his member firm's policies and procedures prohibiting commission-based discretionary accounts, absent exceptional circumstances. The findings stated that Sackstein did not notify his firm of the agreement nor obtain firm approval to exercise discretion in the customer's account. The findings also stated that despite the

customer's request to stop trading in his account, Sackstein executed unauthorized trades in the customer's accounts until the customer contacted Sackstein's firm, requesting that trading be halted and Sackstein be removed as his assigned registered representative. The findings also included that Sackstein failed to testify at a FINRA on-the-record interview. **(FINRA Case #2008015914601)**

Jerrold Robin Sexton (CRD #2764371, Registered Representative, Escondido, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sexton consented to the described sanction and to the entry of findings that he received from a customer at his member firm checks totaling \$197,500 to be invested in a company Sexton recommended as a safe investment, where she would receive a return of at least 8 percent. The findings stated that at the time the customer gave the checks to Sexton, she did not know the company was Sexton's business; these investments were not documented. The findings also stated that Sexton used the funds for personal and business expenses. The findings also included that Sexton paid the customer the sum of \$20,175 in interest, and other than these payments, no further funds have been paid to the customer. **(FINRA Case #2009020014301)**

Mark Andrew Sibert (CRD #4287925, Registered Representative, San Diego, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sibert consented to the described sanction and to the entry of findings that he failed to provide written notice to, and receive written approval from, his member firm for his participation in private securities transactions, and lied to his firm about his activities in these transactions. The findings stated that Sibert's firm prohibited its registered representatives from participating in any manner in the sale of any security, registered or unregistered, not processed through the firm, without prior written approval, but Sibert solicited his firm's customers and potential customers to invest in his company, which was purportedly raising monies to invest in real estate developments and gold-mining operations. The findings also stated that some of these individuals invested over \$1 million with Sibert's company and some invested over \$800,000 in promissory notes. The findings also included that Sibert signed an annual compliance questionnaire falsely stating that he was not engaging in private securities transactions. FINRA found that Sibert failed to fully respond to FINRA requests for information and documents, and failed to respond to a FINRA request to appear for testimony. **(FINRA Case #2009016845001)**

Nathan Mark Spiegel (CRD #4823748, Registered Representative, Ankeny, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Spiegel consented to the described sanction and to the entry of findings that he executed mutual fund and equity transactions in customers' accounts without their knowledge or authorization. The findings stated that Spiegel executed the equity transactions

to generate commission revenue for himself and not to benefit the customers. The findings also stated that Spiegel executed mutual fund and equity transactions in the customers' accounts pursuant to their prior verbal grant of discretionary authority to Spiegel. The findings also included that the customers did not provide Spiegel with written documentation granting him the authority to execute transactions for their accounts without first obtaining their approval, and Spiegel's member firm did not approve the accounts as discretionary. FINRA found that Spiegel executed transactions in some of the customers' accounts to generate commission revenue for himself and not to benefit the customers. FINRA also found a customer verbally authorized Spiegel to accept investment instructions from a relative, but the customer did not execute any document granting trading authority to the relative and he did not have power-of-attorney for the account. In addition, FINRA determined that Spiegel executed equity and mutual fund transactions for the customer's account pursuant to the relative's instructions. **(FINRA Case #2009018220501)**

Kara Lyn Stanley (CRD #4271274, Registered Representative, Laconia, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member firm in any capacity for six months. The fine must be paid either immediately upon Stanley's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Stanley consented to the described sanctions and to the entry of findings that she signed her own name on documents in connection with the surrender of a VA contract pursuant to Section 1035 of the Internal Revenue Code (1035 Exchange) for a customer where, by her signature, she made misrepresentations. The findings stated that another registered representative recommended that the customer effect a 1035 exchange to surrender a VA contract issued by their firm's insurance affiliate and purchase a fixed annuity offered through another insurance company. The findings also stated that in signing the documents, Stanley knew she was assisting the registered representative in concealing his involvement in the transactions from his firm and its insurance affiliate. The findings also included that Stanley signed each document as a witness to the customer's signature even though she did not witness the customer signing the documents and was not present when the customer signed the documents. FINRA found that Stanley also signed the documents misrepresenting that she was the agent of record for the transaction when she was not the agent or representative who handled the transaction; Stanley never met and had no dealings with the customer.

The suspension is in effect from April 4, 2011, through October 3, 2011. **(FINRA Case #2008013683903)**

Roger Dean Stevenson (CRD #1986153, Registered Representative, San Benito, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Stevenson consented to the described sanctions and to the entry of findings that he used discretion when entering orders for customers in their fee-based accounts without their written authorization; in some cases, he discussed the transactions with the customers but failed to confirm these customers' authorization on the dates the trades were executed. The findings stated that Stevenson failed to obtain his member firm's acceptance of the accounts as discretionary. The findings also stated that Stevenson failed to purchase shares of a security in a customer's fee-based account after the customer directed him to do so.

The suspension was in effect from April 4, 2011, through May 2, 2011. **(FINRA Case #2009016902501)**

Dinesh Devraj Suchak Jr. (CRD #5452869, Registered Representative, Virginia Beach, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Suchak's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Suchak consented to the described sanctions and to the entry of findings that he borrowed \$1,500 from one of his customers at his member firm without seeking approval for the borrowing and without obtaining the firm's prior written approval to borrow money from the customer. The findings stated that the loan terms were not memorialized in writing and when the borrowing occurred, the firm required representatives, before borrowing money from a customer, to obtain a designated official's written approval. The findings also stated that Suchak did not disclose to the firm that he had borrowed money from a customer.

The suspension was in effect from April 4, 2011, through April 15, 2011. **(FINRA Case #2010021600601)**

Adam Jarod Utz (CRD #5130691, Registered Representative, Olathe, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Utz consented to the described sanction and to the entry of findings that, knowing that companies were not insured by his member firm's affiliated insurance company, he signed and sent certificates of liability insurance to businesses falsely indicating that the companies were named insured on his firm's affiliated insurance company's commercial property insurance policy. The findings stated that one company relied on the certificate and made an insurance claim for over \$2,400 that the affiliated insurance company paid, although it had not insured the company. The findings also stated that other companies

did not have workers compensation coverage and Utz sent them certificates of liability falsely showing that they were covered. The findings also included that Utz collected lump-sum insurance premium payments from customers and, without authorization from the customers and contrary to the affiliated insurance company policy, converted the funds for his personal use. FINRA found that rather than promptly posting the payments to the customers' accounts, Utz paid the premiums in smaller amounts over a period of months, using the residual amounts for his office expenses. FINRA also found that Utz misused the full payments, not that he ultimately failed to make payments on his insurance customers' behalf. In addition, FINRA determined that Utz failed to respond to FINRA requests for information and documents. **(FINRA Case #2009019422401)**

Lori Ann Van Dyke (CRD #4680036, Registered Representative, Louisville, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Van Dyke consented to the described sanction and to the entry of findings that she misused premiums; specifically, Van Dyke collected approximately \$1,030.39 in cash for property and casualty premiums from her insurance customers, deposited \$182.78 into the agent trust account, and used the remaining cash, \$847.61, to pay personal and business expenses. The findings stated that Van Dyke repaid this sum after the insurance company audited her by depositing \$847.61 into the agent trust account. **(FINRA Case #2010022210601)**

Donald Barry Weidenfeld (CRD #1751232, Registered Principal, Del Ray Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. In determining sanctions, FINRA took into account the disciplinary action taken by Weidenfeld's member firm for the same conduct. Without admitting or denying the findings, Weidenfeld consented to the described sanctions and to the entry of findings that he exercised discretion in a customer's account, which was a commission-based, non-discretionary account, at his member firm without the customer's written authorization and his firm's acceptance of the account as discretionary. The findings stated that Weidenfeld was the broker of record for the customer's account at his firm. The findings also stated that Weidenfeld completed annual certifications for his firm wherein he inaccurately attested that he had not exercised discretion in any non fee-based customer accounts.

The suspension is in effect from April 18, 2011, through May 17, 2011. **(FINRA Case #2009016703901)**

Regina Marie Williamson (CRD #5261181, Registered Representative, Evergreen Park, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Williamson consented to the described sanction and to the entry of findings that she misappropriated funds from customers of her member firm's bank affiliate. The findings stated that Williamson opened an account at the bank in the name of a friend who was living in her house at that time without the individual's knowledge or authorization. The findings also stated that Williamson then added a bank customer to the account as a joint account holder without the bank customer's knowledge or consent. The findings also included that Williamson deposited the \$7,639.36 proceeds of a matured CD belonging to the bank customer into the account, and made transfers totaling approximately \$80,754 from the bank customer's account into the account she opened in the friend's name, all without the bank customer's knowledge or consent. FINRA found that Williamson issued cashier's checks totaling \$15,600 from another bank customer's account and deposited the cashier's checks into the account that she opened, all without the bank customer's knowledge or consent. FINRA also found that Williamson used the account she opened to make withdrawals totaling approximately \$103,993 in the form of ATM withdrawals, withdrawals from her teller drawer and cashier's checks, for her personal expenses, without the knowledge or consent of her friend and the bank customers. **(FINRA Case #2010023658201)**

Michael Woyciesjes (CRD #4345844, Registered Representative, Fayetteville, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Woyciesjes' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Woyciesjes consented to the described sanctions and to the entry of findings that while associated with an insurance company and its member firm affiliate, Woyciesjes acted as the day-to-day manager of an agency of the insurance company and was responsible for ensuring that payments the agency received from customers were timely deposited to the bank account in accordance with the insurance company's procedures. The findings stated that on multiple occasions, the agency accepted cash totaling \$2,334.73 and checks totaling \$3,591.57 from customers, as reflected in the reports on those days, and Woyciesjes did not cause these customer funds to be deposited into the bank account in a timely manner; and in one of these instances, Woyciesjes advised the insurance company that he had located the cash and checks in the pocket of a jacket he had worn on the date the agency accepted the funds.

The suspension is in effect from April 4, 2011, through April 3, 2012. **(FINRA Case #2009018885301)**

Individual Fined

Ronald Stephen Iacobelli (CRD #2642874, Registered Principal, Bloomfield Hills, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$10,000. Without admitting or denying the findings, Iacobelli consented to the described sanctions and to the entry of findings that he exercised discretion in a customer's account without the customer's written authorization and his member firm's written approval, by purchasing a Uniform Investment Trust (UIT) in the amount of approximately \$75,000 and a Principal Protected Note (PPN) in the amount of approximately \$50,000. The findings stated that Iacobelli purchased the UIT and PPN with cash in the customer's account. (FINRA Case #2009017318101)

Decision Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of March 31, 2011. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions

Hedge Fund Capital Partners, LLC (CRD #113326, New York, New York) and Howard Gordon Jahre (CRD #2238671, Registered Principal, New York, New York). The firm was expelled from FINRA membership and Jahre was barred from association with any FINRA member in any capacity. The sanctions were based on findings that the firm and Jahre provided false and misleading information to FINRA, willfully filed a misleading Form U4 and employed a statutorily disqualified person. The findings stated that the firm rented office space to hedge fund clients, allowed some of its hedge fund advisor tenants to pay rent through trading commissions (soft dollars) rather than cash (hard dollars) contrary to the safe harbor provisions of SEC regulations, and Jahre was aware that hedge fund advisors could use soft dollars to pay certain expenses such as research, but that other expenses, such as rent and general operating expenses, could be paid with soft dollars only if the expenses were disclosed to the hedge fund's investors in the fund's offering documents. The findings also stated that Jahre was responsible for ensuring that his firm conducted reviews of the relevant documents so that the firm would be compliant with soft-dollar rules.

FINRA found that the firm and Jahre reviewed the hedge fund's offering memorandum and knew or should have known that it was not appropriate for its investment manager to pay rent with soft dollars, and Jahre personally approved and signed the office space rental agreement. FINRA also found that Jahre personally sent emails to potential investors regarding an "arbitrage strategy" in the collateralized mortgage obligation market to be pursued by a startup fund that contained predictions or projections of performance; none of the emails provided a sound basis for evaluating the facts about the proposed investment and instead, the investors targeted in the emails would have to sign a non-disclosure agreement (NDA) before the strategy would be disclosed. In addition, FINRA determined that Jahre's emails were exaggerated, unwarranted and misleading; not fair and balanced; did not provide a sound basis for evaluating the facts regarding the investment; and did nothing to ensure that applicable risks were included in hedge fund marketing materials used. Moreover, FINRA found that the firm failed to maintain copies of institutional sales materials for three years as FINRA required. Furthermore, FINRA found that the firm allowed individuals to market hedge funds through the firm to institutional investors without being duly registered, and Jahre was responsible for ensuring that the firm did not allow unregistered persons to engage in activities requiring registration. The findings also stated that the firm, through Jahre, hired an individual who engaged in activities on the firm's behalf when he was not properly registered, and allowed him to work for the firm after Jahre became aware that the individual was statutorily disqualified. The findings also included that the firm and Jahre willfully filed false and misleading Forms U4 for the statutorily disqualified individual.

FINRA found that Jahre allowed another individual to park her license at the firm solely as an accommodation to her relative even though the firm did not expect her to perform any services that required registration. FINRA also found that the firm did not require all of its registered representatives and other employees to use the firm's email system and failed to preserve all emails, and even though the WSPs stated that Jahre or a designated supervisor would review the firm's email archiving process, no one performed the review, including Jahre. In addition, FINRA determined that even though the firm's WSPs stated that the firm had filters in place blocking connections to instant message (IM) services, it did not block all firm users, and neither Jahre nor others retained or reviewed IMs. Moreover, FINRA found that the firm and Jahre failed to supervise activities of registered representatives and associated persons of the firm, and failed to hold a required live annual compliance meeting. Furthermore, FINRA found that the firm and Jahre provided false responses to requests for information and testimony.

The firm and Jahre have appealed this decision to the NAC and the sanctions are not in effect pending review. **(FINRA Case #2006004122402)**

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.

Bryan Lee Addington (CRD #2641975, Registered Representative, Ethel, Louisiana) was named as a respondent in a FINRA complaint alleging that a customer instructed Addington to purchase shares of a common stock in his securities account at Addington's member firm, and Addington instructed the customer to pay for the shares with a \$34,019 check payable to an entity even though the check should have been made payable to Addington's firm's clearing firm. The complaint alleges that the customer provided the check to Addington, but he never deposited the funds into the customer's account, thereby misappropriating and retaining the funds. The complaint also alleges that Addington placed an order to purchase shares of the common stock in the customer's account, for a total amount of \$34,019; afterward, Addington's firm liquidated the shares in the customer's account for non-payment. The complaint further alleges that the customer was not aware of this immediately, as the customer was not reviewing his confirmations and statements regularly. In addition, the complaint alleges that the customer instructed Addington to sell the shares, which the customer believed was still in his account, and to send the proceeds to him. Moreover, the complaint alleges that subsequently, the customer received a \$35,500.98 check from Addington issued from an account with the name of the entity to which the customer's check had been made payable, and made payable to a business the customer owned. Furthermore, the complaint alleges that the customer attempted to deposit the check in his account, but the check was returned by the customer's bank due to insufficient funds. The complaint also alleges that the customer contacted Addington, and Addington stated that he had forgotten to change his account from "call to cover" and advised the customer to redeposit the check. The complaint further alleges that the customer attempted to re-deposit the check in his account, and was advised by the bank that the check would not clear. In addition, the complaint alleges that the customer called Addington and demanded his money be returned to him that day; Addington gave the customer \$35,000 in cash that day. Moreover, the complaint alleges that Addington failed to respond to FINRA requests for information. **(FINRA Case #2010021774001)**

Timothy D. Camarillo (CRD #5205051, Registered Representative, San Antonio, Texas) was named as a respondent in a FINRA complaint alleging that he entered into a contract with a company and sold approximately \$370,000 worth of private securities to his customers, receiving over \$13,000 in commissions without providing prior notice to, or receiving approval from, his member firm. The complaint alleges that the company

provided Camarillo with sales literature and, without submitting the brochure to his firm for approval, Camarillo distributed the brochure to his customers; the brochure contained unwarranted, exaggerated and misleading statements, omitted material facts, and ignored risk while guaranteeing success. The complaint also alleges that Camarillo did not have a reasonable basis to recommend that his customer purchase the securities, had no experience selling these types of products, did not conduct proper due diligence, and did not sufficiently understand the products offered through the company or how the investments were managed. The complaint further alleges that all of Camarillo's customers who invested in the products informed Camarillo that they were seeking preservation of capital and viewed the investments as a retirement investment; because Camarillo did not investigate the claims made in the sales literature that the returns were guaranteed, he had no basis to recommend the investment to customers seeking preservation of capital, and his recommendations to invest in the company were unsuitable. In addition, the complaint alleges that the products, as marketed, were securities, the sale of which required Camarillo to possess a Series 7 license; at the time he sold the securities, Camarillo held only a Series 6 license. **(FINRA Case #2010023612301)**

Jeremy David Hare (CRD #2593809, Registered Representative, Penn Valley, Pennsylvania) was named as a respondent in a FINRA complaint alleging that he exercised discretion with respect to trades in a trust account without written authorization from the individual who had power of attorney over the account, or his member firm's acceptance of the account as discretionary. The complaint alleges that Hare's member firm prohibited discretionary trading in accounts such as this one. The complaint also alleges that Hare provided false written statements and false testimony to FINRA regarding his involvement with trades made in the account. **(FINRA Case #2008014015901)**

Jeffrey L. Larson (CRD #4816797, Registered Representative, Canyon Country, California) was named as a respondent in a FINRA complaint alleging that he represented to an elderly widow that she could earn a higher rate of return by investing her funds in a particular high interest savings account; At the time, she was not his member firm's customer. The complaint alleges that based on Larson's recommendation and direction, the elderly widow wrote checks totaling \$51,600 payable to the "W.F.G. Fund," and Larson promptly deposited the checks into a W.F.G. bank account. The complaint also alleges that contrary to Larson's representations, the fund was not a high-interest savings account, had no relation to his firm's affiliate and was a basic checking account that Larson owned and controlled. The complaint further alleges that within two weeks of the receipt and deposit of the customer's checks, Larson withdrew \$6,000 and transferred \$27,800 to his day-trading account (at another broker-dealer) and \$17,500 to his credit union account, converting the funds for his own use and benefit without the customer's knowledge, consent or authorization. The complaint further alleges that the customer complained to FINRA and others about Larson's conduct, and Larson then returned the funds to her. In addition, the complaint alleges that Larson failed to appear for on-the-record testimony as FINRA requested **(FINRA Case #2010021928801)**

Andrew Joseph Longoria (CRD #2299271, Registered Representative, Hutto, Texas) was named as a respondent in a FINRA complaint alleging that a customer opened an account with a mutual fund company through Longoria, and Longoria had the customer write a \$12,000 check payable to an unregistered entity he owned and controlled. The complaint alleges that although an account was opened for the customer, it was never funded and Longoria never returned the \$12,000 to the customer. The complaint also alleges that when Longoria's member firm learned of the situation from the customer, the firm repaid her the \$12,000. The complaint further alleges that Longoria received \$5,000 from an individual, not a firm client, to invest in what Longoria represented as an exchange-traded mutual fund tied to the performance of the S&P index, and instructed the individual to make the check payable to an entity and complete forms to open an account, but Longoria never opened the account. In addition, the complaint alleges that the individual made numerous requests that Longoria return the funds; Longoria eventually gave the individual a \$5,820 check which was returned for insufficient funds. Moreover, the complaint alleges that Longoria failed to respond to FINRA requests for information and documents. **(FINRA Case #2009019969101)**

Dareth Amber Martin (CRD #4479899, Registered Representative, Charlotte, North Carolina) was named as a respondent in a FINRA complaint alleging that she misappropriated at least \$81,670 from her company and its owner through the use of credit cards and checks for unauthorized purposes. The complaint alleges that Martin, without authorization, used her employer's personal credit cards and business credit account to purchase personal items totaling at least \$34,516. The complaint also alleges that Martin used her employer's business checking account to issue checks without authorization for personal items exceeding \$1,603. The complaint further alleges that Martin issued checks from the business account to herself without authorization and made cash withdrawals without authorization; these withdrawals exceeded the actual business expenses by at least \$23,385. In addition, the complaint alleges that Martin issued, or caused checks to be issued to herself for unauthorized bonus payments totaling at least \$22,166. Moreover, the complaint alleges that Martin failed to appear for FINRA on-the-record testimony. **(FINRA Case #2009019349301)**

Evan Taber (CRD #1892751, Registered Representative, Plantation, Florida) was named as a respondent in a FINRA complaint alleging that he initiated discussion with an individual regarding an investment with a guaranteed return, instructed the individual to issue a check to a company which was the name he had given to a personal bank account, and did not tell the individual that the funds would be used for personal and home office expenses. The complaint alleges that the individual provided Taber with a \$30,000 check for investment, which he deposited into the checking account, and did not make an investment of any kind for the individual. The complaint also alleges that the individual repeatedly called Taber to determine the status of the investment and Taber reassured the individual that the money had been invested. The complaint further alleges that Taber did not refund the money until after FINRA had begun its investigation into the individual's complaint. **(FINRA Case #2010021196801)**

Valmark Securities, Inc. (CRD #31243, Akron, Ohio) and Richard Michael Arceci (CRD #1173612, Registered Principal, Sagamore Hills, Ohio) were named as respondents in a FINRA complaint alleging that the firm, acting through Arceci, its chief compliance officer and chief legal counsel, approved a private placement offering to be sold by the firm's registered representatives without conducting adequate due diligence. The complaint alleges that the approval for sale was based exclusively on the review of the issuer's unverified and uncorroborated statements in the offering document. The complaint also alleges that the firm, through Arceci, designated a firm registered representative to conduct the marketing review for the offering who created a summary report by cutting and pasting language directly from the PPM, including a statement about the unblemished payment history of the offering's affiliates; the registered representative completed, signed and dated the requisite 18-question marketing review checklist. In addition, the complaint alleges that the firm, through Arceci, designated a firm associated person to conduct the due diligence review of the offering; the individual used the registered representative's summary report and the PPM to conduct the due diligence review for the offering, including his assessment of the risks of the offering, and the associated person completed, signed and dated the requisite 14-question due diligence review checklist. Moreover, the complaint alleges that the firm, acting through Arceci, approved the offering for sale after receiving the PPM, checklists and the summary report, which was based solely on the PPM. Furthermore, the complaint alleges that the firm, acting through Arceci, failed to adequately supervise the firm's due diligence review of the offering in that it failed to obtain or review financial statements for the issuer, which would have informed it in more detail of the liquidity issues of the offering's affiliates; failed to research the background information on the offering's officers, which would have informed it that the chief executive officer had been barred from the insurance industry and later charged with fraud; and failed to use the services of third-party due diligence providers that conducted due diligence reports and drafted reports which identified material risks of the later offerings. The complaint also alleges that the firm's initial due diligence review, which was completed in less than three days, was based solely on the self-serving representations the issuer made in the PPM. The complaint further alleges that the firm, acting through Arceci, failed to adequately supervise the sale of the private placement offering after learning about delays in returning principal to note holders in another private placement, and failed to adequately follow up on the red flags raised in communications associated with the issuer. In addition, the complaint alleges that, among other things, Arceci failed to obtain financial statements or other documentation from the issuer to corroborate its self-serving assertion of a temporary liquidity issue, obtain a third-party due diligence report, contact firm customers who had invested in a prior offering to determine whether the customers had received correspondence from the issuer regarding the delay and received repayment of their principal, and contact the issuer's officers to obtain additional details about its problems with meeting interest payments on prior offerings. Moreover, the complaint alleges that although the correspondence alerted the firm that the offering's affiliate had missed principal payments to investors, the firm, acting through Arceci, failed to

supervise the ongoing sales of the offering. Furthermore, the complaint alleges that Arceci failed to suspend the firm's sale of the offering, as long as those sales used a PPM, which falsely stated that the offering's affiliate had not defaulted on its obligations; provide firm customers who had invested in issuer products with copies of the correspondence from the issuer; or require the firm's registered representatives to disclose to existing and new investors of the offering that there were delays in return of principal to a prior offering's note holders; ensure he timely received all correspondence from the issuer and any information regarding further liquidity issues, defaults, or delayed payments related to the offerings; instruct the registered representative who received an email on how to monitor the situation at the issuer based on the new information; and instruct the registered representative who had conducted the initial due diligence review to conduct additional due diligence in light of the new information. The complaint also alleges that the firm, acting through Arceci, ignored red flags and failed to adequately supervise the offering sales after receiving correspondence from the issuer regarding delayed payments previously to investors. The complaint further alleges that despite the firm's knowledge that the assertion in the PPM of an unblemished payment history by the issuer's affiliates was false, it continued to sell the offering using a PPM that contained a material misrepresentation. In addition, the complaint alleges that the firm failed to provide new customers with copies of the correspondence it received from the issuer describing problems making interest and principal payments on notes that were previously issued, and omitted to disclose this information to the new customers. Moreover, the complaint alleges that no one at the firm conducted an investigation or due diligence to determine whether firm customers who invested in the offering were in danger of incurring loss of principal and interest. Furthermore, the complaint alleges that the firm continued to leave its customers in the dark about the issuer's failure to make payment to customers and made no effort to determine the extent of the financial problem at the issuer and the impact those problems could have on its customers who purchased the offering and previous offerings. The complaint also alleges that the firm's president placed the offering on the firm's "do not sell list" after receiving an unsolicited email from a third party due diligence firm and the SEC sued the issuer, affiliates and individuals associated with the companies alleging they committed fraud in the sale and offer of the securities. The complaint further alleges that for each offering sale the firm effected, it provided investors with a PPM that falsely stated that affiliates had never defaulted in payment of obligations and had made all payments timely; the firm knew this statement was false for over a year but never disclosed this material fact to customers or stopped sales while the misrepresentation was outstanding. (FINRA Case #2009018817601)

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.)

Capstone Partners, L.C. (CRD #35784)
Atlanta, Georgia
(March 4, 2011)

Intermountain Financial Services, Inc. (CRD #15386)
Heber City, Utah
(March 25, 2011)
FINRA Case #2010021333301/FPI100022

Prestige Financial Center, Inc. (CRD #30407)
New York, New York
(March 7, 2011)

Westor Capital Group, Inc. (CRD #103823)
Mohawk, New York
(March 7, 2011 – March 30, 2011)

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.)

Samarth Agrawal (CRD #5343999)
Newport, New Jersey
(March 4, 2011)
FINRA Case #2010022686401

Elijah J. Borrero (CRD #4526029)
New York, New York
(March 10, 2011)
FINRA Case #2009020237601

Paul Joseph Cataldo (CRD #3097386)
San Antonio, Texas
(March 25, 2011)
FINRA Case #2010023540301

Alfredo Cedenro Jr. (CRD #5795962)
Reno, Nevada
(March 30, 2011)
FINRA Case #2010023551501

Donald Louis Chouinard (CRD #4120041)
Kalispell, Montana
(March 25, 2011)
FINRA Case #2009018413401

Anna Maria Clark (CRD #4695045)
Tucson, Arizona
(March 18, 2011)
FINRA Case #2010023761101

Eric Edouard Coly (CRD #4288536)
Los Angeles, California
(March 30, 2011)
FINRA Case #2010024455301

Jacob M. A. Fowler (CRD #5775377)
Livonia, Michigan
(March 3, 2011)
FINRA Case #2010024166701

Luis D. Grullon (CRD #5734701)
Passaic, New Jersey
(March 17, 2011)
FINRA Case #2010023473901

Donnell J. Hanchey (CRD #5682238)
Zachary, Louisiana
(March 11, 2011)
FINRA Case #2010023152301

David Bruce Jones (CRD #1229992)
Shepherdstown, West Virginia
(March 30, 2011)
FINRA Case #2010023331601

George Kavouris (CRD #5070318)
Piscataway, New Jersey
(March 16, 2011)
FINRA Case #2010022155401

Timothy W. Magness (CRD #5631398)
Copperas Cove, Texas
(March 17, 2011)
FINRA Case #2010023473501

Rodney James McClellan (CRD #2051105)
Boynton Beach, Florida
(March 30, 2011)
FINRA Case #2010023482901

Brian Keith Miller (CRD #2121346)
Maryville, Tennessee
(March 23, 2011)
FINRA Case #2010024006101

Monica S. Morales (CRD #5122552)
College Park, Georgia
(March 10, 2011)
FINRA Case #2010022540801

Stacey Beth Nussbaum (CRD #4638931)
New York, New York
(March 10, 2011)
FINRA Case #2009018236001

David Jon Olinger (CRD #1856945)
Ankeny, Iowa
(March 25, 2011)
FINRA Case #2010023590201

John Martin Pojeta (CRD #2433732)
Carnegie, Pennsylvania
(March 31, 2011)
FINRA Case #2010021196601

Helen Grace Estacio Torralba (CRD #4781844)
North Hills, California
(March 16, 2011)
FINRA Case #2010022179401

Heather Katherine Tracy (CRD #5463745)
Katy, Texas
(March 10, 2011)
FINRA Case #2009020504201

Matthew Kaleimomi Walker (CRD #5140026)
San Luis Obispo, California
(March 30, 2011)
FINRA Case #2010023823601

Daniel Curtis Williams (CRD #4791829)
Washington, DC
(March 31, 2011)
FINRA Case #2009020834901

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

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

Angelo Achilles Armenta (CRD #1537445)
Monrovia, California
(September 15, 2005 – March 17, 2011)
FINRA Case #C02040058

David Gibson (CRD #4793989)
Brooklyn, New York
(June 18, 2009 – March 18, 2011)
FINRA Case #2007011337201

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.)

Jeffrey Jon Anderson (CRD #4326656)
Eagle River, Wisconsin
(March 3, 2011)
FINRA Case #2010023004101

Dov Berr Appleman (CRD #3201421)
Long Beach, New York
(March 3, 2011)
FINRA Case #2010023908001

Tammy Lyn Bohnert (CRD #2671147)
Frohna, Missouri
(February 18, 2011 – March 28, 2011)
FINRA Case #2010022579801

Howard Aaron Borenstein (CRD #1178134)
Chicago, Illinois
(March 31, 2011)
FINRA Case #2009020081101

Janie Cabreja (CRD #5741403)
Monroe, New York
(March 4, 2011)
FINRA Case #2010022533501

John Michael Chapman (CRD#5443581)
New York, New York
(March 10, 2011)
FINRA Case #2010023968501

Norman Chen (CRD #5770952)
San Francisco, California
(March 21, 2011)
FINRA Case #2010024311701

Rick Gayland Crocker (CRD #1099643)
Monroe, North Carolina
(March 10, 2011)
FINRA Case #2010021451201

David Kristian Evansen (CRD #1579910)
Boca Raton, Florida
(March 31, 2011)
FINRA Case #2009020694401

Michele Eileen Fanner (CRD #4991783)
Altadena, California
(March 21, 2011)
FINRA Case #2010024740601

Natalie Dee Gastelum (CRD #4938959)
Valley Village, California
(March 21, 2011)
FINRA Case #2010023889601

Shamel Correen Gould (CRD #5799015)
Savannah, Georgia
(March 7, 2011)
FINRA Case #2010024194301

Mary A. Griswold (CRD #5731542)
Pawtucket, Rhode Island
(March 10, 2011)
FINRA Case #2010022511401

Gloria Jean Guide (CRD #4769621)
New Freedom, Pennsylvania
(March 28, 2011)
FINRA Case #2010022257801

Christopher M. Harper (CRD #5102738)
Redondo Beach, California
(March 7, 2011)
FINRA Case #2010022263301

Randol Craig Key (CRD #4262407)
Houston, Texas
(March 24, 2011)
FINRA Case #2009020096001

Gabriel Mero Jr. (CRD #5681132)
West Covina, California
(March 10, 2011)
FINRA Case #2010024601701

Jason Robert Mishica (CRD #5337494)
Burnsville, Minnesota
(March 31, 2011)
FINRA Case #2010024292801

Karlos Ramos (CRD #5423571)
Tampa, Florida
(March 28, 2011)
FINRA Case #2010024063901

Lori A. Rinaldi (CRD #5045662)
Mount Prospect, Illinois
(March 28, 2011)
FINRA Case #2010022532401

John Rodriguez (CRD #4695465)
West Covina, California
(March 31, 2011)
FINRA Case #2010023676401

Thomas Edward Smith Jr. (CRD #1943167)
Montgomery Center, Vermont
(March 7, 2011)
FINRA Case #2010022044601

Mitchell A. Steitz (CRD #4928430)
Cashmere, Washington
(March 7, 2011)
FINRA Case #2010023415501

Kent Duane Sweat (CRD #1157627)
Heber, Utah
(March 25, 2011)
FINRA Case #2010021333301

David Wayne Voteau (CRD #4335263)
Lafayette, Indiana
(March 21, 2011)
FINRA Case #2010025112701/FPI100022

Robert Lee Wagner (CRD #4118105)
Bloomington, Indiana
(March 21, 2011)
FINRA Case #2010022203401

Andrew Lindgren Wahtera (CRD #5076613)
Temple Hills, Maryland
(December 27, 2010 – March 28, 2011)
FINRA Case #2009020819501

William James Walker (CRD #1771777)
Summerville, South Carolina
(March 7, 2011)
FINRA Case #2010021442401

**Individuals Suspended for Failure to
Comply with an Arbitration Award or
Settlement Agreement 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.)

Patrick Michael Alfano (CRD #1126877)
Tinton Falls, New Jersey
(March 23, 2011)
FINRA Arbitration Case #09-01313

Andrew James Aragona (CRD #1320844)
Deerfield Beach, Florida
(March 2, 2011)
FINRA Arbitration Case #09-00584

Michael Jason Bader (CRD #1572807)
Delray Beach, Florida
(March 2, 2011)
FINRA Arbitration Case #09-00465

Scott Thomas Brandt (CRD #1211417)
Lake Sherwood, California
(March 16, 2011)
FINRA Arbitration Case #09-06153

Gregory Ernest Braver (CRD #2974962)
 Folsom, California
 (March 2, 2011)
FINRA Arbitration Case #09-05030

David Earl Bredenburg (CRD #2592172)
 Timonium, Maryland
 (March 16, 2011)
FINRA Arbitration Case #10-03358

Wilson Waisuen Chan (CRD #1919055)
 Plano, Texas
 (March 2, 2011)
FINRA Arbitration Case #10-02601

Michael D. Chmielewski (CRD #2638786)
 Woodbury Heights, New Jersey
 (March 23, 2011)
FINRA Arbitration Case #09-06381

Samuel Cole (CRD #4209275)
 Spring Valley, New York
 (March 23, 2011)
FINRA Arbitration Case #09-01353

Brent Davis Collier (CRD #4277244)
 Washington, DC
 (March 23, 2011)
FINRA Arbitration Case #09-05185

Michael Wayne Gant (CRD #4541588)
 Indianapolis, Indiana
 (March 23, 2011)
FINRA Arbitration Case #10-03010

Nigel Leonard Graham (CRD #2889111)
 Forestville, MD
 (March 23, 2011)
FINRA Arbitration Case #10-03360

**Christopher Scott Hamilton
 (CRD #3092720)**
 Eustis, Florida
 (March 16, 2011)
FINRA Arbitration Case #10-01181

Dwight Keith Hazelwood (CRD #2799355)
 Little Rock, Arkansas
 (March 23, 2011)
FINRA Arbitration Case #10-00803

Marcelo Ivan Jacir (CRD #4860487)
 Weston, Florida
 (March 23, 2011)
FINRA Arbitration Case #10-03736

Peter Lindsay Jelstrom (CRD #1090304)
 Pennington, New Jersey
 (March 23, 2011)
FINRA Arbitration Case #10-04015

Jason Frederick Latorre (CRD #4625864)
 Westbury, New York
 (March 23, 2011)
FINRA Arbitration Case #10-03140

Michael Alan Leichman (CRD #1091414)
 Guilderland, New York
 (March 2, 2011)
FINRA Arbitration Case #10-02393

Robert Douglas Miller Jr. (CRD #4130503)
 Lake St. Louis, Missouri
 (March 23, 2011)
FINRA Arbitration Case #09-06132

James Marvin Mitchell (CRD #3110555)
 Greeley, Colorado
 (March 23, 2011)
FINRA Arbitration Case #09-06444

Ronald Moschetta (CRD #1100365)
 Lido Beach, New York
 (December 22, 2010 – March 2, 2011)
FINRA Arbitration Case #09-01448

James Luke Patterson (CRD #2702156)
 Sugar Land, Texas
 (December 1, 2005 – March 16, 2011)
FINRA Arbitration Case #05-01098

Oscar Penn aka Oscar Garcia
(CRD #2800907)
Austin, Texas
(January 13, 2011 – March 30, 2011)
FINRA Arbitration Case #06-06300

Gilbert Birdinground Pugliano
(CRD #4702369)
Medford, Oregon
(March 16, 2011)
FINRA Arbitration Case #10-03894

Jeffrey Michael Stanley (CRD #4107186)
Oro Valley, Arizona
(March 16, 2011)
FINRA Arbitration Case #09-05848

Trey Calvin Trammell (CRD #4067724)
Frisco, Texas
(March 2, 2011)
FINRA Arbitration Case #10-03047

Danny H. Vivian (CRD #5056049)
Long Beach, California
(March 2, 2011)
FINRA Arbitration Case #10-03518

William Robert Whitehurst
(CRD #2032031)
Towson, Maryland
(March 2, 2011)
FINRA Arbitration Case #10-01651

Donald Alan Wilson (CRD #1947954)
Sausalito, California
(March 16, 2011 – March 24, 2011)
FINRA Arbitration Case #10-03221

FINRA Fines Southwest Securities \$500,000 for Paying Former Texas Municipal Issuer Officials and Others to Solicit Municipal Securities Business on its Behalf

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Southwest Securities, Inc. of Dallas \$500,000 for using paid consultants to solicit municipal securities business and for violations of other Municipal Securities Rulemaking Board (MSRB) rules.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “Southwest’s payments to former municipal insiders and others to solicit municipal securities business on its behalf contravened the MSRB’s prohibition against such activity, and threatened to compromise the integrity of the municipal securities market.”

FINRA found that during the period from October 2006 through April 2009, Southwest paid five individuals, including three former Texas municipal issuer officials, to solicit municipal securities business on its behalf. The consultants assisted Southwest in obtaining a total of 24 municipal securities underwritings and two roles as financial advisor to Texas municipalities. Southwest paid the consultants more than \$200,000 for their services.

Pursuant to the consulting agreements that Southwest had with two of the individuals, the consultants were contracted to “promote the capabilities of Southwest’s municipal bond department in their desire to earn mandates as financial advisor and municipal underwriter for public entities throughout Texas.” For their services, the consultants were promised, among other things, a percentage of Southwest’s profits from any municipal securities business they helped to solicit.

In addition to the formal consulting arrangements, Southwest also made one-time payments totaling more than \$26,000 to three other individuals in connection with their roles in obtaining municipal securities business for the firm.

FINRA also found that Southwest violated the MSRB’s rules by failing to file 10 MSRB Forms G-36(OS) and G-36(ARD) in a timely manner and for inaccurately reporting more than 300 municipal securities transactions to the MSRB.

FINRA found that during the period from October 2006 through February 2009, Southwest had inadequate systems and procedures to supervise certain aspects of its municipal securities business. The firm’s procedures had not been amended to reflect the 2005 amendment to MSRB Rule G-38 that prohibited payments to unaffiliated individuals for the solicitation of municipal securities business. In addition, the firm failed to enforce its procedures regarding compliance with the MSRB rule that regulates political contributions. The firm’s procedures required that all municipal finance professionals clear their political contributions through the Compliance Department prior to making the contributions; however, no such pre-approval process was ever implemented. In effect, Southwest’s inadequate supervisory systems and procedures failed to detect that one of its municipal

professionals had made a political contribution. This led to the firm engaging in prohibited municipal securities business in violation of MSRB Rule G-37, for which the Securities and Exchange Commission brought a regulatory action against Southwest in March 2010.

As part of the settlement, Southwest is required to have an officer of the firm confirm to FINRA that Southwest has reviewed its compliance systems and procedures in accordance with all applicable MSRB rules and certify that its systems and procedures are reasonably designed to achieve compliance with the rules.

In concluding this settlement, Southwest neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Southwest Securities, Inc. \$650,000 for Compliance Failures That Permitted Correspondent Firm Cutler Securities to Cause a \$6.3 Million Single-Day Loss Through Improper Short Sales

FINRA Also Expels Cutler Securities and Bars President

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Southwest Securities, Inc., of Dallas, \$650,000 for deficiencies in due diligence, risk assessment and written supervisory procedures that permitted one of its correspondent firms, Cutler Securities, to create risk for Southwest through improper short sales. FINRA also required Southwest to designate a risk management officer to identify and manage the risks associated with its correspondent clearing services business. In addition, FINRA expelled Cutler Securities and barred its President, Glenn Cutler, for Cutler Securities' violative short selling.

On August 6, 2009, its second day of clearing through Southwest, Cutler Securities bought over 17.8 million shares of a stock while selling over 20.3 million shares of the same stock. Despite receiving alerts regarding this trading during the day, Southwest allowed Cutler to establish a 2.5 million share short position. Cutler Securities was unable to meet its obligation on the position, requiring Southwest to close the position, leaving it with an unsecured debit balance of approximately \$6.3 million.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Southwest's systemic failures in overseeing its clearing services led to considerable financial losses for itself, and illustrates the risks that can be created by correspondent firms. Southwest's failure to effectively monitor Cutler's reckless behavior jeopardized its ability to meet its obligations to its other correspondent firms and counterparties."

Among the deficiencies in Southwest's supervisory practices were failures to establish written due diligence policies, written criteria to determine the acceptability of potential correspondents, awareness of the proper procedure for terminating correspondent firms

on an intra-day basis, appropriate trading alert parameters for many of its correspondent firms, and procedures recognizing that it had clearing and settlement responsibility for all correspondent firms that had the ability to execute trades away from Southwest.

Cutler Securities also had significant regulatory and supervisory deficiencies relating to its short sales, including a history of failing to comply with Regulation SHO by obtaining locates and properly marking order tickets, and a failure to comply with SEC Emergency Orders.

In settling this matter, Southwest and Cutler neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Sanctions Two Firms and Seven Individuals for Selling Private Placements Without Conducting a Reasonable Investigation

FINRA Continues Sweep of Broker-Dealers who Sold Interests in Troubled Private Placements

The Financial Industry Regulatory Authority (FINRA) announced it has sanctioned two firms and seven individuals for selling interests in private placements without conducting a reasonable investigation. The companies whose securities were sold in these private placements were unrelated to the firms and individuals FINRA sanctioned. The companies ultimately failed, resulting in significant investor losses.

FINRA imposed sanctions against the following firms and individuals for failing to conduct a reasonable investigation of the sale of private placements offered by Medical Capital Holdings, Inc. (MedCap) and/or Provident Royalties, LLC.

Workman Securities Corp., of MN, was ordered to pay \$700,000 in restitution to affected customers. Robert Vollbrecht, Workman's former President, was barred in any principal capacity, and fined \$10,000.

Timothy Cullum, former Chief Executive Officer, and Steven Burks, former President, of Cullum & Burks Securities, Inc., of Dallas, TX, a now-defunct firm, were each suspended in any principal capacity for six months and fined \$10,000.

Jeffrey Lindsey and Bradley Wells, two former executives with Capital Financial Services, Inc., of ND, were each suspended for six months in any principal capacity and fined \$10,000.

Jay Lynn Thacker, former Chief Compliance Officer for Meadowbrook Securities, LLC (fka Investlinc Securities, LLC), of MS, was suspended for six months in any principal capacity and fined \$10,000.

David William Dube, former Owner, President, Chief Compliance Officer and Anti-Money Laundering (AML) Compliance Officer of (now-defunct) Peak Securities Corporation, of FL, was barred for failing to conduct adequate due diligence, as well as a failure as AML Compliance Officer to detect, investigate and report numerous suspicious transactions in 10 customer accounts where “red flags” existed.

In addition, FINRA fined Askar Corporation, of MN, \$45,000 for its failure to conduct due diligence on a private placement from DBSI, Inc., another company that defaulted on its obligations. FINRA found that Askar only reviewed the offering documents and sales materials provided by DBSI before approving the product for sale, without independently verifying DBSI’s representations in the offering documents.

FINRA found that broker-dealers who sold the MedCap, Provident and DBSI private placement offerings did not have reasonable grounds to believe that the private placements were suitable for any of their customers. Also, they failed to engage in an adequate investigation of the private placements and failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations. Without performing proper due diligence, the firms could not identify and understand the inherent risks of these offerings. The sanctioned principals did not have reasonable grounds to allow the firms’ registered representatives to continue selling the offerings despite the red flags that existed regarding the private placements.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “Senior officials at these firms failed to fulfill their responsibilities to customers by not conducting reasonable investigations of these unrelated offerings, especially in light of multiple red flags suggesting liquidity concerns, missed interest payments and defaults. FINRA will continue to look closely at sales of both affiliated and unaffiliated private placements to determine whether the selling firms fulfilled their responsibility to customers.”

From 2001 through 2009, MedCap, a medical receivables financing company based in Anaheim, CA, raised approximately \$2.2 billion from over 20,000 investors through nine MedCap private placement offerings of promissory notes. MedCap made interest and principal payments on its promissory notes until July 2008, when it began experiencing liquidity problems and stopped making payments on notes sold in two of its earlier offerings. Nevertheless, MedCap proceeded with its last offering, MedCap VI, which it offered through an August 2008 private placement memorandum.

In July 2009, the SEC filed a civil injunctive action in federal district court in which it sought, and was granted, a preliminary injunction to stop all MedCap sales. The SEC alleged that MedCap and its executives defrauded investors in MedCap VI by misappropriating approximately \$18.5 million of investor funds. The SEC also alleged that MedCap misrepresented that it had never defaulted on or had been late in making interest or principal payments, when in fact, MedCap had defaulted on or was late in paying nearly \$1 billion in principal and interest on the notes from its previous Regulation D offerings.

The court appointed a receiver to gather and conduct an inventory of MedCap's remaining assets. The SEC action is pending.

From September 2006 through January 2009, Provident Asset Management, LLC marketed and sold preferred stock and limited partnership interests in a series of 23 private placements offered by an affiliated issuer, Provident Royalties. The Provident offerings were sold to customers through more than 50 retail broker-dealers nationwide and raised approximately \$485 million from over 7,700 investors. Provident Royalties' business plan included the acquisition of a combination of producing and non-producing sub-surface mineral interests, working interests and production payments in real property located within the United States. Although a portion of the proceeds of Provident Royalties' offerings was used for the acquisition and development of oil and gas exploration and development activities, millions of dollars of investors' funds were transferred from the later offerings' bank accounts to the Provident operating account in the form of undisclosed and undocumented loans, and were used to pay dividends and returns of capital to investors in the earlier offerings, without informing investors of that fact.

On July 2, 2009, the SEC filed a civil injunctive action in the Northern District of Texas naming Provident and others, and the Court granted its request for a temporary restraining order and an emergency asset freeze and appointment of a receiver to take control of the entities, and marshal and preserve the assets for the benefit of the defrauded investors. All the named defendants subsequently agreed to the entry of a preliminary injunction, which remains in effect. In March 2010, FINRA expelled Provident Asset Management, LLC from membership for marketing a series of fraudulent private placements offered by its affiliate, Provident Royalties, LLC. (FINRA Case No. 2009017497201.)

FINRA's investigation of broker-dealers that sold the MedCap, Provident, DBSI and other troubled private placement offerings continues.

Burks' and Cullum's suspensions are in effect from March 21, 2011, through September 20, 2011. Lindsey's and Wells' suspensions are in effect from April 18, 2011, through October 17, 2011. Thacker's suspension is in effect from April 4, 2011, through October 3, 2011.

FINRA Suspends Pinnacle Partners and its President Brian Alfaro

The Financial Industry Regulatory Authority (FINRA) announced that it has suspended indefinitely Pinnacle Partners Financial Corporation, of San Antonio, TX, and its President, Brian K. Alfaro, for failure to comply with a FINRA Temporary Cease and Desist Order prohibiting their fraudulent misrepresentations. The suspension resulted from FINRA's Notice of Suspension that alleged that Pinnacle and Alfaro had continued to make fraudulent oral and written misrepresentations and omissions in connection with their offer and sale of certain oil and gas joint interests, and had otherwise failed to comply with the terms of the Temporary Order FINRA issued on January 21, 2011.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “Brian Alfaro and Pinnacle pose a serious risk to the investing public. Even after the issuance of a Temporary Cease and Desist Consent Order, Alfaro and Pinnacle continued to market oil and gas offerings through material misrepresentations, with the intent to deceive investors.”

FINRA filed a complaint against Pinnacle and Alfaro on Dec. 3, 2010, alleging that Alfaro and Pinnacle operated a “boiler room” in which numerous brokers placed thousands of cold calls on a weekly basis to solicit investments in oil and gas drilling joint ventures Alfaro owned or controlled. The complaint further asserts that Pinnacle raised more than \$10 million from over 100 investors, and that Alfaro diverted some of the customer funds for unrelated business and personal expenses. The hearing on these allegations will be Sept. 12, 2011, at which time the Hearing Panel will consider the merits of these claims and whether to order additional penalties.

As charged by FINRA, Pinnacle and Alfaro included numerous misrepresentations and omissions in the investment summaries for the offerings, including grossly inflated natural gas prices, projected natural gas reserves, estimated gross returns and estimated monthly cash flows. Pinnacle and Alfaro deliberately attempted to mislead investors by deleting unfavorable information from well operator reports and providing them with doctored maps, which omitted numerous dry, plugged or abandoned wells near their projected drilling sites. Also, according to the complaint, Alfaro’s misuse of customer funds included attempts to retain the grossly inflated “drilling costs,” which were funds Alfaro obtained by convincing customers to allow him to transfer their money into other fraudulent offerings. In another instance, Alfaro collected more than \$500,000 in subscription costs for a well that was never drilled, and used those funds for unrelated personal and business expenses. Alfaro’s suspension began March 8, 2011.