Disciplinary and Other FINRA Actions

Firms Fined

CFD Investments, Inc. (CRD® #25427, Kokomo, Indiana)
January 10, 2019 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined $125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and written supervisory procedures (WSPs) reasonably designed to ensure that its registered representatives' recommendations of variable annuities complied with applicable securities laws and regulations and FINRA rules. The findings stated that the firm's procedures did not specifically address the suitability issues pertaining to the fees and costs or surrender periods of the different variable annuity share classes. Similarly, the firm's procedures did not specifically address the suitability concerns raised by the sale of an L-share contract when combined with a long-term rider or to a customer with a long-term investment time horizon. In addition, the firm's WSPs failed to address when additional scrutiny may be warranted during the required principal review and approval process because of suitability concerns about the variable annuity share class selected for the transaction. The firm also failed to provide sufficient training to its representatives and reviewing principals to ensure that they understood the material features of variable annuities. Despite the significant role that variable annuity sales played in the firm's overall business, it failed to implement a supervisory system and procedures reasonably designed to ensure suitability in multi-share class variable annuity sales, including L-share contracts. The findings also stated that the firm failed to implement reasonable procedures to supervise rates of variable annuity exchanges by associated persons. The procedures did not provide any guidance regarding what constituted excessive switching, and how to supervise for excessive switching. Moreover, the firm had no surveillance procedures or processes to review the rates of exchanges of its associated persons. The lack of supervisory systems and procedures relating to rates of exchanges was particularly unreasonable given that nearly 25 percent of the firm's variable annuity transactions were exchanges. (**FINRA Case #2016048224201**)

Advisory Group Equity Services Ltd. (CRD #15427, Woburn, Massachusetts)
January 14, 2019 – An AWC was issued in which the firm was censured and fined $20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a reasonable supervisory system with respect to the retention and review of emails of newly hired representatives. The findings stated that many of those representatives continued to use email addresses from their

Reported for March 2019

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

Financial Industry Regulatory Authority

prior broker-dealers, which were not approved or supervised by the firm. Among other things, the emails discussed investment ideas, stock prices and securities transactions. Furthermore, FINRA®'s review of a sample of emails revealed several instances in which representatives had used their prior broker-dealer email addresses to exchange emails with approved firm email addresses. As a result, a reasonable supervisory review of emails sent to or from the approved firm email addresses should have put the firm on notice that its representatives were still using their former broker-dealer email addresses to conduct securities business. (FINRA Case #2017052216701)

Hennion & Walsh, Inc. (CRD #25766, Parsippany, New Jersey)
January 23, 2019 – An AWC was issued in which the firm was censured, fined $165,000, ordered to pay $305,438.83 in restitution to customers, and shall certify to FINRA that it has established and implemented policies, procedures and internal controls reasonably designed to address and remediate the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its brokers recommended early exchanges of proprietary Unit Investment Trusts (UITs) in the same series (a series-to-series switch) in customer accounts that had substantially similar investment objectives and portfolios. The findings stated that the firm's registered representatives did not reasonably assess whether the alleged benefits to the customers from the switches outweighed the additional sales charges the customers would incur by making the switch and therefore they did not have a reasonable basis to recommend these series-to-series switches to their customers. As result, customers incurred unnecessary sales charges of $305,438.83. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to detect and prevent unsuitable series-to-series UIT switching. The firm did not provide reasonable guidance to its sales staff on the special suitability concerns raised by early series-to-series switches and despite its written procedures stating that the customer for UIT exchanges should sign switch forms, it did not enforce this procedure. In addition, although its trade-alert system flagged UIT switches, the firm did not provide reasonable guidance in its procedures, or otherwise to supervisors, on how to evaluate such switches. The principal at the firm tasked with much of the day-to-day trade-review responsibilities did not receive training on how to evaluate series-to-series switches and he did not take into account the increased costs associated with an early exchange. Early exchanges of a UIT, including a series-to-series switch, is a red flag of a potentially unsuitable transaction; however, the firm's supervisory system was not reasonably designed to address such transactions. (FINRA Case #2013039202501)

Revere Securities LLC (CRD #14178, New York, New York)
January 30, 2019 – An AWC was issued in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately report municipal securities transactions to the Real-time Transaction Reporting System (RTRS) and failed to maintain reasonably designed

WSPs related to municipal securities. The findings stated that the firm did not record the time of execution for its municipal securities transactions into its clearing firm's reporting system. As a result, the system defaulted the time of execution to the time of entry into the system. The findings also stated that the firm's WSPs related to municipal securities transactions required that the time of execution be manually entered into its clearing firm's reporting system. The WSPs, however, wholly failed to address how and when supervisory reviews of municipal securities trade reporting would be conducted and documented to ensure reporting was done accurately and in a timely manner. Accordingly, the firm failed to detect that the time of execution was not being entered into the system as required by its WSPs. (**FINRA Case #2017052480701**)

Individuals Barred

Liju Varghese (CRD #4197007, New Hyde Park, New York)
January 2, 2019 - An AWC was issued in which Varghese was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Varghese consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into whether he engaged in unauthorized trading. The findings stated that FINRA began the investigation after Varghese's member firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that he was under internal review following allegations that he submitted several annuity applications that were never funded, allowing him to receive compensation to which was not entitled. (**FINRA Case #2018057957601**)

Jaime E. Carvallo (CRD #4520352, Brooklyn, New York)
January 8, 2019 – An AWC was issued in which Carvallo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carvallo consented to the sanction and to the entry of findings that he forged the signatures of employees of his member firm, and used their confidential personal information to create false online bidding accounts at auction houses in their names, and to participate in auctions, without the employees' authorization. The findings stated that Carvallo had access to the firm's confidential personnel records in his role as its president and chief compliance officer. Carvallo engaged in this conduct after the auction houses prohibited him from participating in auctions because he had previously failed to pay for or collect items he had won at auction. Carvallo participated in the auctions during firm business hours, at the firm's office, using its computer equipment. (**FINRA Case #2017054419802**)

Daniel Todd Levine (CRD #2874319, Englewood, Colorado)
January 8, 2019 – An AWC was issued in which Levine was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Levine consented to the sanction and to the entry of findings that he failed to provide FINRA with

requested documents and information in connection with its investigation into allegations that he engaged in undisclosed outside business activities, solicited a senior customer of his member firm to borrow funds for an outside business activity and executed unauthorized trades, among other alleged conduct. (**FINRA Case #2018059393201**)

Charles Gonzalez (CRD #4330269, Bronx, New York)
January 9, 2019 – An AWC was issued in which Gonzalez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gonzalez consented to the sanction and to the entry of findings that without first notifying his member firm in writing, he engaged in an outside business activity involving the formation of a new broker-dealer. The findings stated that Gonzalez formed the new business entity, retained and paid for services of a consultant, bought office equipment, rented and paid for his new company's office space, and solicited and raised capital from a customer at the firm to fund his new business. The findings also stated that Gonzalez produced falsified documents and provided false testimony about the falsified documents to FINRA in response to its requests related to his outside business activity. (**FINRA Case #2018057258602**)

Stewart Clinton Malloy (CRD #1029931, The Villages, Florida)
January 9, 2019 – An Office of Hearing Officers (OHO) decision became final in which Malloy was barred from association with any FINRA member in all capacities. The sanction was based on findings that Malloy failed to appear and provide FINRA with requested on-the-record testimony in connection with an investigation into his potential unsuitable and unauthorized trades in customer accounts. The findings stated that the matter arose from an amendment to a Form U5 filed by Malloy's member firm that reported allegations that he had made unsuitable recommendations in the accounts of customers who alleged they lost $1 million as a result of his misconduct. (**FINRA Case #2016051299201**)

Mark Isidore Lamendola (CRD #1133485, Mars, Pennsylvania)
January 11, 2019 – An AWC was issued in which Lamendola was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lamendola consented to the sanction and to the entry of findings that he made misrepresentations to a customer by fabricating letters that purported to come from an annuity company regarding the status of the customer's deposit. The findings stated that Lamendola had mistakenly deposited the customer's Individual Retirement Account (IRA) contributions into his variable annuity account rather than his fixed annuity account. After the customer complaint about the error, Lamendola attempted to have the deposits redirected to the proper account. Lamendola wrote in each of the fabricated letters that the incorrect deposit was re-deposited into the correct account and the transaction was not reportable to the Internal Revenue Service. The findings also stated that Lamendola

paid $15,999.55 to the customer to settle his verbal complaint regarding the mistaken IRA deposits, however he did not notify his member firm of his payment to the customer to resolve the complaint. The findings also included Lamendola caused the firm to maintain inaccurate books and records by altering the customer's and his wife's complaint letter to remove references to his prior settlement, in order to conceal it from the firm when he sent it to the firm's compliance department. (**FINRA Case #2017055262601**)

Jay R. Weiser (CRD #1511042, Mendota, Illinois)
January 17, 2019 – An AWC was issued in which Weiser was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Weiser consented to the sanction and to the entry of findings that he failed to cooperate with FINRA's requests for documents and for on-the-record testimony related to an investigation into his conduct regarding the sale of promissory notes and interests in a company to determine whether he engaged in unapproved private securities transactions. (**FINRA Case #2018058604101**)

Kristian M. Gaudet (CRD #4190811, Larose, Louisiana)
January 24, 2019 – An AWC was issued in which Gaudet was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gaudet consented to the sanction and to the entry of findings that he refused to appear for and provide on-the-record testimony requested by FINRA related to a Form U5 his member firm filed stating that he was found to have utilized client funds for personal use upon conclusion of an internal investigation. (**FINRA Case #2018060600901**)

Matthew Philip Amos (CRD #1177946, York Haven, Pennsylvania)
January 25, 2019 – An AWC was issued in which Amos was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Amos consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with an ongoing investigation into allegations set forth on his Form U5, namely, that he submitted a false document with a forged signature in connection with a variable annuity transaction request for his personal account. (**FINRA Case #2018059328901**)

Benjamin Galloway (CRD #6106670, Columbia, South Carolina)
January 25, 2019 – An AWC was issued in which Galloway was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Galloway consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of its investigation into his requests for mileage reimbursement and use of his corporate credit card at his member firm. (**FINRA Case #2018057940601**)

Individuals Suspended

Richard Allen Riemer Jr. (CRD #1721245, Clifton, New Jersey)
January 2, 2019 – A Securities and Exchange Commission (SEC) decision fining Riemer $5,000 and suspending him from association with any FINRA member in all capacities for six months became final. The SEC sustained the findings and sanctions imposed by the National Adjudicatory Council (NAC). The sanctions were based on findings that Riemer willfully failed to update, and did not timely update, his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose federal tax liens and a bankruptcy petition, and failed to disclose the liens and bankruptcy on his member firm's annual compliance certifications.

The suspension is in effect from January 7, 2019, through July 6, 2019. (**FINRA Case #2013038986001**)

Megan Nina Weakland (CRD #4678321, Tigard, Oregon)
January 2, 2019 – An AWC was issued in which Weakland was fined $3,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Weakland consented to the sanctions and to the entry of findings that she falsified her member firm's documents when she shared a common password with a registered financial advisor for whom she worked. The findings stated that Weakland, with the advisor's authorization, used the common password to log into his system worklist to evidence his approval of new accounts by affixing his electronic signature when, in fact, he had neither seen nor reviewed the account documents for those accounts. The findings also stated that Weakland caused the firm to create and maintain inaccurate books and records. The new account approvals that Weakland made were books and records of the firm, and these books and records were inaccurate because the signatures evidencing the advisor's review and approval were not genuine and because the documents falsely represented that he had reviewed and approved them.

The suspension is in effect from February 4, 2019, through April 3, 2019. (**FINRA Case #2016051302001**)

Paul Steven Wishingrad (CRD #1311357, Los Angeles, California)
January 2, 2019 – An AWC was issued in which Wishingrad was fined $5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Wishingrad consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without obtaining prior written authorization from the customers and without his member firm having accepted the accounts as discretionary. The findings stated that although the customers had given Wishingrad express or implied authority to exercise discretion in their accounts, the firm's WSPs prohibited representatives from exercising discretion, and the firm had previously warned him not to do so.

The suspension was in effect from February 4, 2019, through February 25, 2019. (**FINRA Case #2017054919301**)

Suresh Basnet (CRD #4426976, Cedar Rapids, Iowa)
January 3, 2019 – An AWC was issued in which Basnet was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Basnet consented to the sanctions and to the entry of findings that he participated in private securities transactions involving the purchase and sale of real estate by customers of his member firm without providing prior written notice to it. The findings stated that Basnet participated in the transactions by soliciting the investments, depositing the money invested into accounts he controlled and subsequently transferring them therefrom, and helping facilitate land purchases. Basnet did not receive compensation for his participation in the transactions and the customers were repaid the amount of their investments plus profits after the land was sold.

The suspension was in effect from January 7, 2019, through February 20, 2019. (FINRA Case #2017053590001)

Frank Fornshell Venable III (CRD #1461515, Knoxville, Tennessee)
January 3, 2019 – An AWC was issued in which Venable was fined $5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Venable consented to the sanctions and to the entry of findings that he effected discretionary transactions in accounts belonging to customers, all of whom were members of the same household, without obtaining prior written authorization from the customers, and without his member firm having accepted the accounts as discretionary. The findings stated that although these customers had given Venable express or implied authority to exercise discretion in their accounts, none had provided written authorization. The findings also stated that Venable falsely indicated that he had not exercised discretion in any customer account on annual compliance questionnaires submitted to the firm.

The suspension was in effect from February 4, 2019, through February 15, 2019. (FINRA Case #2017056098601)

Gary Lyle Pevey (CRD #2129469, Sacramento, California)
January 4, 2019 – An AWC was issued in which Pevey was assessed a deferred fine of $10,000, suspended from association with any FINRA member in all capacities for 12 months and ordered to pay $40,027, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the findings, Pevey consented to the sanctions and to the entry of findings that he engaged in private securities transactions without providing notice to, or obtaining approval from, his member firm. The findings stated that Pevey solicited investors to purchase promissory notes relating to a purported real-estate investment fund. Pevey sold approximately $1.11 million in the fund's promissory notes to investors, some of whom were his firm's customers, and received $40,027 in commissions in connection with these transactions.

The suspension is in effect from January 7, 2019, through January 6, 2020. (FINRA Case #2018057586601)

Barbara Bonnie Fox (CRD #3206840, Portsmouth, Virginia)
January 9, 2019 – An AWC was issued in which Fox was suspended from association with any FINRA member in all capacities for three months. In light of Fox's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Fox consented to the sanction and to the entry of findings that she borrowed a total of $14,000 from a customer of her member firm to whom she was not related, in violation of its policy. The findings stated that the firm's WSPs prohibit borrowing money or securities from a customer unless the customer is an immediate family member of the associated person. Fox did not notify the firm of this borrowing arrangement or seek its approval. When Fox had only repaid $600, the customer contacted the firm and was reimbursed. Additionally, Fox signed an attestation in which she falsely confirmed that she did not personally borrow money or securities from any client of the firm or any client of the firm's affiliate.

The suspension is in effect from January 22, 2019, through April 21, 2019. (**FINRA Case #2018058158801**)

Gregory Joseph Rusnak (CRD #1505212, St. Charles, Illinois)
January 9, 2019 – An AWC was issued in which Rusnak was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Rusnak consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts by executing trades without speaking to the customers on the day of each transaction and without obtaining prior written authorization from the customers or written approval from his member firm. The findings stated that Rusnak also falsely attested on annual compliance questionnaires that he completed and submitted to the firm that he did not have accounts in which clients had authorized him to exercise discretion. The firm discovered Rusnak's use of discretion when the customers complained about activity in their accounts and terminated him shortly thereafter.

The suspension was in effect from January 22, 2019, through February 11, 2019. (**FINRA Case #2017055797701**)

Deming Anthony Payne (CRD #5696678, Denver, Colorado)
January 10, 2019 – An AWC was issued in which Payne was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 90 days. Without admitting or denying the findings, Payne consented to the sanctions and to the entry of findings that he made false statements to his member firm and caused it to maintain inaccurate books and records. The findings stated that unbeknownst to a customer, Payne received requests via email from an imposter posing as the customer to process wire transfers from the customer's account. Payne failed to obtain verbal verification of the instructions from the actual customer, even though the imposter's requests presented multiple red flags. Payne falsely attested to his firm that he had

obtained such verbal verification and instructed another firm employee to falsely attest that she had verbally verified one of the requests. Further, Payne provided false information to a firm specialist who expressed concern about the frequency of the wire requests and requested confirmation from Payne that he was not receiving the requests via email. In response to the specialist's inquiries, Payne falsely stated that the customer sent the requests via fax. In total, Payne effected wire transfers totaling $794,860 in response to the imposter's requests.

The suspension is in effect from January 22, 2019, through April 21, 2019. (**FINRA Case #2017055718001**)

Michael Brian Holder Jr. (CRD #6674020, Dallas, Texas)
January 17, 2019 – An AWC was issued in which Holder was assessed a deferred fined of $5,000 and suspended from association with any FINRA member in all capacities for 20 days. Without admitting or denying the findings, Holder consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without obtaining prior written authorization from the customers and without his member firm having approved any of the accounts for discretionary trading.

The suspension was in effect from January 22, 2019, through February 10, 2019. (**FINRA Case #2017056676201**)

Bruce Anthony Zaro (CRD #1271065, Hingham, Massachusetts)
January 22, 2019 – An AWC was issued in which Zaro was fined $5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Zaro consented to the sanctions and to the entry of findings that he signed his customer's name on an IRA/Education Savings Account distribution request associated with an IRA established for the benefit of a living trust, without the customer's prior knowledge or authorization. The findings stated that the unauthorized signature caused the transfer of funds from the IRA account to another of the trust's accounts, instead of to the accounts requested by the customer, and caused potential tax consequences for the accountholders. The customer discovered the unauthorized signature on the distribution request and complained to Zaro's member firm, which was able to reverse the transfer and effect the requested distributions prior to the customer incurring any negative tax consequences. The findings also stated that by engaging in this conduct and submitting the distribution request to the firm as an original, Zaro caused the firm to maintain inaccurate books and records.

The suspension is in effect from February 19, 2019, through April 18, 2019. (**FINRA Case #2018057636001**)

Jenna A. Brown (CRD #5361782, Syracuse, New York)
January 24, 2019 – An AWC was issued in which Brown was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that she forged signatures on investment advisory agreements. The findings stated that Brown was approved to be added as an advisor on the investment advisory accounts, but did not obtain the necessary signatures on some of the investment advisory agreements. Instead, Brown forged the signatures of customers who lived out of state, without the customers' knowledge or approval, in order to avoid mailing the agreements to the customers for their signatures. Brown also forged the joint representative's signature on investment advisory agreements, without the representative's knowledge or approval, in order to avoid the inconvenience of driving to the representative's office to obtain his genuine signature. Brown's member firm determined that the investment advisory agreements in question contained forged signatures and, as a result, it did not approve or process them.

The suspension is in effect from February 19, 2019, through May 18, 2019. (**FINRA Case #2018057513901**)

Imtiaz A. Khan aka Raana Khan (CRD #4084250, New York, New York)
January 28, 2019 – An Offer of Settlement was issued in which Khan was fined $20,000 and suspended from association with any FINRA member in all capacities for 35 business days. Without admitting or denying the allegations, Khan consented to the sanctions and to the entry of findings that he functioned in a principal capacity for which he was not registered and for which he had not passed the appropriate qualification exam. The findings stated that Khan was an officer of his member firm and actively engaged in numerous aspects of the management of its investment banking and securities businesses, including managing its investment bank business. The findings also stated that Khan engaged in outside business activities involving a real estate and mergers and acquisitions advisory business without providing prior written notice to his firm. Khan became a partner or member of the advisory business, and prior to and after becoming a partner or member, he provided advisory and business services to the advisory business. As compensation for the services he provided, Kahn was granted a five percent interest in the advisory business and was entitled to receive a distribution of any profits earned by it. In addition, Khan failed to disclose his outside business activities to his firm in an Other Business Activities Disclosure Form.

The suspension is in effect from February 19, 2019, through April 8, 2019. (**FINRA Case #2016048912703**)

Joshua Zev Miller (CRD #5446289, Cordova, Tennessee)
January 28, 2019 – An AWC was issued in which Miller was assessed a deferred fine of $7,500 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Miller consented to the sanctions and to the entry of findings that he engaged in a check-kiting scheme whereby he deposited checks totaling approximately $37,249 into his personal checking accounts with his member firm's affiliated bank, knowing that he had previously cashed each of the checks. The findings stated that following each of the deposits, which the bank initially credited, Miller used the available funds to make cash withdrawals or purchases, pay bills, or for transfers between his bank accounts. After the bank rejected the deposits, Miller repaid the amounts he owed it as a result of his check-kiting activity.

The suspension is in effect from February 4, 2019, through February 3, 2020. (**FINRA Case #2017055772801**)

Guy Patrick Wyser-Pratte (CRD #473794, Bedford, New York)
January 30, 2019 – An AWC was issued in which Wyser-Pratte was fined $9,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Wyser-Pratte consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a finding by the Autorité des marchés financiers (AMF), the French stock market regulatory organization, that he committed insider trading. The findings stated that the AMF found that Wyser-Pratte traded while in possession of inside information and issued an order imposing a fine of €1.3 million against him for this conduct. Wyser-Pratte had notice of the AMF's decision when it was issued, and appealed the decision. However, Wyser-Pratte did not amend his Form U4 to disclose the AMF decision and order until over three years later.

The suspension is in effect from February 19, 2019, through August 18, 2019. (**FINRA Case #2016047679301**)

John Francis Davenport (CRD #1448999, New Canaan, Connecticut)
January 31, 2019 – An AWC was issued in which Davenport was fined $20,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Davenport consented to the sanctions and to the entry of findings that while registered with his previous member firm, he placed securities transactions for a registered representative of another firm and split the commissions with that representative, without the knowledge or consent of either firm, and without reflecting the commission sharing on his previous firm's books and records. The findings stated that Davenport paid the representative approximately $50,000, which represented approximately half of the total commissions on the transactions, ostensibly as a referral fee. By failing to report the compensation that he shared, Davenport caused his previous firm's books and records to be inaccurate. The findings also stated that

while registered through his current firm, Davenport permitted his assistant to use an unapproved personal email address to communicate with securities customers concerning business-related matters, causing the firm to fail to retain the emails among its books and records.

The suspension is in effect from February 19, 2019, through April 18, 2019. (**FINRA Case #2017055074301**)

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of January 31, 2019. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary and Other Actions.

Eric Steven Smith (CRD #2894648, Waterford, Michigan)
January 29, 2019 – Smith appealed an OHO decision to the NAC. Smith was barred from association with any FINRA member in all capacities and ordered to pay $130,000, plus interest, jointly and severally with his member firm, in restitution to customers. The sanctions were based on the findings that Smith willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and violated FINRA Rule 2020 by knowingly or recklessly misrepresenting and omitting to disclose material facts in connection with the sales of securities. The findings stated that Smith defrauded investors by offering and selling securities through a bridge loan offering designed to raise funds to satisfy pressing financial obligations for his firm's parent company. Smith, who was the chairman, chief executive officer (CEO), and owner of the firm's parent company, created and circulated offering documents to prospective investors containing omissions and misrepresentations of material facts, while being fully aware of the parent company's precarious financial condition. Smith fraudulently failed to disclose in the bridge loan offering documents that the parent company owed but could not pay principal due to the principal owed to investors in a prior bond and bridge loan offering. Smith misled prospective investors to believe that the parent company was about to receive large cash infusions from an existing consulting agreement with a special purpose bank, despite knowing that there was no agreement and that the special purpose bank had not been formed. Smith also made misrepresentations that the parent company had established a relationship with a national trust company to become the investment advisor of its funds and that it had a pending engagement with the City of Jacksonville, Florida, that would generate substantial revenue, while knowing that no such agreements were nearing completion. The findings also stated that Smith engaged in unethical conduct by obtaining money from the public for four different investments and the bridge loan note offering by means of material misrepresentations and omissions of fact regarding those investments. Smith solicited participation in the bridge loan note offering and raised a total of $130,000.

Smith was persistent in soliciting investors to purchase the bridge loan notes even after he had no doubt that the consulting agreement with the special purpose bank was a sham and knew there were no prospects of large scale profits from consulting agreements. The findings also included Smith actively engaged in the conduct of his firm's securities business as a registered representative and a registered principal without being registered. Smith, acting in the capacity of a representative, solicited his firm's customers, personally and through its brokers, to invest in a series of bonds and notes, asked representatives to find interested investors among their customers, and then personally met with them to solicit their investments. Acting in the capacity of principal, Smith involved himself in the management of his firm. Smith determined how the co-presidents would manage the firm, held regular meetings attended by employees and affiliated persons, recruited new hires and set the terms of their employment and decided whom to fire. Smith also oversaw the finances of his firm's subsidiaries, channeling funds from the registered investment advisor to the firm to maintain minimum net capital, responded to concerns of the auditors monitoring its finances and responded to customer complaints.

The sanctions are not in effect pending review. (**FINRA Case #2015043646501**)

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.

Stephen C. Carver (CRD #2230161, Chillicothe, Illinois)
January 3, 2019 – Carver was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose unsatisfied Internal Revenue Service tax liens totaling approximately $92,000 that were filed against him. The complaint alleges that Carver falsely attested to his member firm on an annual compliance questionnaire that he was in compliance with FINRA's Form U4 disclosure requirements. (**FINRA Case #2017056071301**)

Shopoff Securities, Inc. (CRD #142866, Irvine, California), Stephen Robert Shopoff (CRD #5276325, Dallas, Texas) and William Anthony Shopoff (CRD #1273471, Laguna Beach, California)
January 10, 2019 – The firm, Stephen Shopoff and William Shopoff were named respondents in a FINRA complaint alleging the firm, through William Shopoff, the firm's president and CEO, and Stephen Shopoff, William's brother and the firm's senior vice president for investor relations, fraudulently sold promissory note investments to investors.

The complaint alleges that the promissory notes were issued by two firm affiliates, a private real estate firm and a corporation, that were owned through a personal trust by William Shopoff and his wife. William Shopoff formed a fund with the stated purpose of raising money for his real estate firm and caused a Private Placement Memorandum (PPM) to be prepared that offered for sale interests of the fund. William Shopoff reviewed and approved the final version of the PPM, which included the fund subscription agreement template and a document entitled loan guaranty agreement for the fund investments. William Shopoff and Stephen Shopoff each distributed or directed others at the firm to distribute the PPM, the subscription agreement and the loan guaranty agreement to fund investors, each of which contained certain material misrepresentations or omitted material information. The PPM also omitted information necessary to make statements in it not misleading. William Shopoff and Stephen Shopoff verbally misrepresented material facts by stating that the fund investment proceeds would be used for working capital needs or general corporate purposes of the real estate firm or its affiliates. The complaint also alleges that the firm, through William Shopoff and Stephen Shopoff, fraudulently offered and sold promissory note investments in the corporation that William Shopoff owned. William Shopoff and Stephen Shopoff failed to disclose that some investment proceeds would be transferred to William Shopoff or his personal trust and would be used to pay personal expenses for him and his wife and that some investment proceeds would be used to repay principal and interest due to other investors of the fund or corporation. In addition, the firm, William Shopoff and Stephen Shopoff failed to disclose to the investors that William Shopoff and his wife's assets were largely illiquid. The complaint further alleges that the firm and William Shopoff fraudulently sold private placement offerings that were sponsored by William Shopoff's private real estate firm. The firm, through William Shopoff, caused material overstatements of his and his wife's personal financial liquidity to be made to retail broker-dealers soliciting investments in the private placement offerings in a report that he reviewed and signed. As a result of the foregoing conduct, the firm, William Shopoff and Stephen Shopoff willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and FINRA Rules 2020 and 2010. In addition, the complaint alleges that that the firm, William Shopoff and Stephen Shopoff made unsuitable recommendations without a reasonable basis to do so with respect to the promissory notes. The investments in the fund and corporation offerings were not suitable for any investor because the real estate firm used new investments in order to make principal and interest payments to previous investors, and investment proceeds were used to pay personal expenses for William Shopoff and his wife and to repay previous investors. Furthermore, the investments were not suitable due to the financial condition of the real estate firm, the corporation, and the fund, and due to the limited liquidity of the trust that acted as the guarantor for the investments. (**FINRA Case #2016048393501**)

Dennis Allen Hayes (CRD #4403550, Charlotte, North Carolina)
January 11, 2019 – Hayes was named a respondent in a FINRA complaint alleging that, without providing his member firm prior written notice, he participated in private securities

transactions by recommending that investors, most of whom were customers of the firm, invest a total of $2.7 million in securities issued by privately held companies and helped facilitate those investments. The complaint alleges that the investors suffered loses of at least $2.3 million, after one of the companies filed for bankruptcy and the other companies ceased operations. The complaint also alleges that Hayes used personal email addresses to correspond with customers about their firm accounts and communicated via text message with another firm customer about her firm account. Hayes did not provide these communications to the firm and therefore the firm could not review or retain this securities related correspondence, causing it to fail to preserve its books and records. The complaint further alleges that Hayes failed to provide information and documents to FINRA related to complaints that customers made about his handling of their investments in the companies. (**FINRA Case #2016050883001**)

William Mark Heiden (CRD #2885156, Irvine, California)
January 17, 2019 – Heiden was named a respondent in a FINRA complaint alleging that he engaged in unauthorized trading in the accounts of two elderly customers. The complaint alleges that following repeated requests by the daughter of one of the customers, Heiden cancelled the unauthorized trades he made in that customer's account. Unauthorized trades made by Heiden in the other customer's accounts resulted in losses (including commissions and fees) in excess of $10,000. The complaint also alleges that Heiden exercised discretion in the accounts of two other elderly customers without first receiving written authorization from the customers and without acceptance of the accounts as discretionary by his member firm. (**FINRA Case #2017053182001**)

Thomas Lee Johnson (CRD #1215434, Carmel, Indiana)
January 22, 2019 – Johnson was named a respondent in a FINRA complaint alleging that he converted his member firm's funds by transferring $1,059,544.98 from his firm brokerage account to his personal bank account for his own use and benefit, when he knew he had received the funds in error and that he had no right to possess the funds. The complaint alleges that Johnson's firm deposited the funds into his brokerage account at the firm following the firm's liquidation of his shares and warrants of Doosan Heavy Industries & Construction Co. (Doosan), a South Korean company. Due to a system error, the firm incorrectly priced Johnson's Doosan holdings in South Korean won instead of in U.S. dollars. As a result, Johnson received $1,059,544.98 from the sale of his Doosan securities, when he should have received only $951.01. Johnson monitored his account with the firm on a daily basis, so he knew the actual value of his Doosan holdings and that he had received the $1,059,544.98 in error. Rather than notify the firm of the error, Johnson wrote a check made payable to himself for the full amount drawn on his firm account and deposited the check in his bank account that he held away from the firm. Johnson planned to distribute the after-tax proceeds to himself and his siblings; however, the firm cancelled the liquidation of his Doosan securities and rebilled the transaction at the correct selling price. When Johnson saw that the Doosan transaction had been reversed, he obtained a

cashier's check for $1,060,000 from his personal bank and deposited the check into his firm account. The complaint also alleges that in both a written response to a request for documents and information and in an on-the-record interview, Johnson provided false and misleading information. Johnson falsely stated that at his request, sales assistants at the firm researched the transaction and value of his Doosan stock and confirmed that the $1,059,544.98 he received from the sale of his Doosan stock and warrants was accurate. (**FINRA Case #2018056848101**)

Vincent Joseph Storms (CRD #4969537, Palm Harbor, Florida)
January 31, 2019 – Storms was named a respondent in a FINRA complaint alleging that he falsified data he submitted to his member firm in connection with branch audits that he performed. The complaint alleges that Storms' primary job function was to conduct audits of firm branch locations and to perform any necessary follow-up work that arose from the audits. In order to avoid, and without performing, requisite follow-up generated from audits that he conducted, Storms altered data after exporting it for numerous branches. The complaint also alleges that Storms caused the firm to make and preserve false and inaccurate books and records by falsifying data after he exported it and by submitting the falsified data to the firm. The complaint further alleges that Storms failed to timely appear for on-the-record testimony requested by FINRA in connection with this matter. (**FINRA Case #2017053982801**)

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.)

Jennifer Alfaro (CRD #6198334)
Aurora, Illinois
(January 22, 2019)
FINRA Case #2018059221101

Aaron L. Austin (CRD #5481214)
Darlington, Maryland
(January 29, 2019)
FINRA Case #2018058669301

Youn Hui Conner (CRD #6998959)
Castle Rock, Colorado
(January 28, 2019)
FINRA Case #2018059607801

Anukul Dass (CRD #4590390)
Houston, Texas
(January 28, 2019)
FINRA Case #2018057554301

Rosalba Nayeli De La Mora (CRD #6732243)
Carlsbad, California
(January 22, 2019)
FINRA Case #2018059605501

Andrew John Ferraro (CRD #6390202)
Mission Viejo, California
(January 14, 2019)
FINRA Case #2018059329501

Peter Jonathan Fidelman (CRD #6084734)
New York, New York
(January 7, 2019)
FINRA Case #2018057869301

Frantz Gaston Jr. (CRD #5367652)
Hackettstown, New Jersey
(December 21, 2018 – January 25, 2019)
FINRA Case #2018057604501

Michael Valdovino Guillory (CRD #2916961)
San Francisco, California
(January 4, 2019)
FINRA Case #2017054755204

Brandon Lee Hamm (CRD #6466507)
Surprise, Arizona
(January 22, 2019)
FINRA Case #2018059440901

John David Hartigan (CRD #1501624)
Chicago, Illinois
(January 7, 2019)
FINRA Case #2018058394601

Marques Andrew Jones (CRD #6307628)
Baltimore, Maryland
(January 29, 2019 – February 7, 2019)
FINRA Case #2018057176902

Robert Gerard Merlo (CRD #1608409)
Secaucus, New Jersey
(January 15, 2019)
FINRA Case #2017053574002

Timothy Alan Norris (CRD #4762500)
Crystal Lake, Illinois
(January 14, 2019)
FINRA Case #2018059459501

Eric Ritchie Olson (CRD #5961022)
Bellevue, Washington
(January 7, 2019)
FINRA Case #2017056582001

Paul Ulises Perez (CRD #2411198)
Davie, Florida
(January 7, 2019)
FINRA Case #2018058449701

Daniel Erich Sullivan (CRD #4411410)
Westhampton Beach, New York
(January 7, 2019)
FINRA Case #2018058447901

Juan Uribe (CRD #4527409)
Houston, Texas
(January 28, 2019)
FINRA Case #2018059719801

Vance P. Wilson (CRD #4785139)
West Valley City, Utah
(January 7, 2019)
FINRA Case #2018058447501

Robert Daniel Witt (CRD #2926506)
Gurnee, Illinois
(January 7, 2019)
FINRA Case #2016051737901

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.)

Stuart Ferree Albright (CRD #4074721)
Ramseur, North Carolina
(January 14, 2019 – January 28, 2019)
FINRA Case #2018058970201

Andy James Anderson (CRD #4791069)
Lake Charles, Louisiana
(January 7, 2019)
FINRA Case #2018059961901

Bryan Wesley Andrzejewski (CRD #1872187)
San Francisco, California
(January 28, 2019)
FINRA Case #2018058289001

Craig Edward Detamore (CRD #4231313)
Champaign, Illinois
(January 7, 2019)
FINRA Case #2018059939701

Scott J. Donato (CRD #2336331)
Summerfield, Florida
(January 4, 2019)
FINRA Case #2016050873601

William Christian Gennity (CRD #4913490)
Staten Island, New York
(January 22, 2019)
FINRA Case #2018057324501

Vladimir Ian Peter Jefferson (CRD #6206837)
San Francisco, California
(November 5, 2018 – January 28, 2019)
FINRA Case #2018058932901

Anthony Johnson (CRD #6960172)
Chicago, Illinois
(January 14, 2019)
FINRA Case #2018060225301

Robert Trager (CRD #6006211)
Boca Raton, Florida
(January 7, 2019 – February 7, 2019)
FINRA Case #2018060069601

Mark Andrew Tudor (CRD #2842516)
Sanford, Florida
(January 14, 2019)
FINRA Case #2018060335501

David H. Whiting (CRD #6048697)
New York, New York
(January 28, 2019)
FINRA Case #2018058507801

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

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

Cynthia Marie Barrera (CRD #4289418)
Corpus Christi, Texas
(February 12, 2014 - January 9, 2019)
FINRA Arbitration Case #11-02570

Edward Beyn (CRD #5406273)
Dix Hills, New York
(January 15, 2019)
FINRA Arbitration Case #18-01066

Keith Everette Blanchard (CRD #6538313)
Kings Mountain, North Carolina
(January 14, 2019)
FINRA Arbitration Case #18-01118

Gabriel Block (CRD #2103543)
Rumson, New Jersey
(January 15, 2019)
FINRA Arbitration Case #15-03079

Danard Warthen Brown (CRD #3184347)
Eastport, New York
(January 31, 2019)
FINRA Arbitration Case #17-00910

Matthew Evan Eckstein (CRD #2997245)
Syosset, New York
(January 16, 2019)
FINRA Arbitration Case #18-00529

Mark Brandon Green (CRD #5240801)
Pacific, Missouri
(August 15, 2013 – January 7, 2019)
FINRA Arbitration Case #12-03103

Heath Justin Harris (CRD #5183327)
Baltimore, Maryland
(January 23, 2019)
FINRA Arbitration Case #17-02972

Sandra Josephine Hudgins (CRD #1084459)
Plano, Texas
(January 8, 2019)
FINRA Arbitration Case #16-02667

Alexander Clark Jones (CRD #4352765)
Wilmington, North Carolina
(January 14, 2019)
FINRA Arbitration Case #18-01962

Sean Francis Lanci (CRD #4180997)
Bronx, New York
(January 23, 2019)
FINRA Arbitration Case #16-02940

Jared Owen McNutt (CRD #5852536)
Whitmore Lake, Michigan
(January 16, 2019)
FINRA Arbitration Case #15-02172

Michael Ramon Nunez (CRD #5910713)
San Jose, California
(January 9, 2019)
FINRA Arbitration Case #18-01958

Paul Anthony Posillico (CRD #4194630)
Bohemia, New York
(January 8, 2019)
FINRA Arbitration Case #14-02349

Dorothy Greppin Powers (CRD #4150288)
Las Vegas, Nevada
(January 23, 2019)
FINRA Arbitration Case #17-02890

Duncan Preston (CRD #6334406)
Los Angeles, California
(January 9, 2019)
FINRA Arbitration Case #18-01717

Terrence Raymond Puricelli (CRD #4298711)
Ballwin, Missouri
(January 10, 2019)
FINRA Arbitration Case #16-03516

Dominic Paul Rota (CRD #4886731)
Bronx, New York
(January 10, 2019)
FINRA Arbitration Case #16-02940

Phillip Albert Schreiner (CRD #4742497)
San Antonio, Texas
(January 10, 2019)
FINRA Arbitration Case #18-02122