

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Kalos Capital, Inc. ([CRD® #44337](#), Alpharetta, Georgia) and Darren Michael Kubiak ([CRD #1239086](#), Lawrenceville, Georgia)

September 6, 2019 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$30,000 and ordered to pay \$86,614, plus interest, in restitution to customers. Kubiak was fined \$5,000 and suspended from association with any FINRA® member in all capacities for three months. Without admitting or denying the findings, the firm and Kubiak consented to the sanctions and to the entry of findings that Kubiak recommended the purchase of leveraged and inverse exchange traded funds (LIETFs) to customers without having a sufficient understanding of the risks and features associated with the LIETFs. The findings stated that Kubiak did not understand that LIETFs are generally expected to lose value over time and that losses were compounded because of how the LIETFs' valuations were reset each day. Kubiak's customers held the LIETFs for an average of 722 days and these extended holding periods caused Kubiak's customers to incur approximately \$98,000 in losses. All of these transactions were solicited. Kubiak failed to perform a reasonable basis suitability analysis of LIETFs to understand the unique features and specific risks associated with these products before offering the products to his customers. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to ensure compliance with applicable securities laws and regulations and NASD and FINRA rules in relation to the sale of LIETFs by its registered representatives. Additionally, the firm failed to reasonably supervise Kubiak, its sole registered representative who sold LIETFs to customers, by failing to ensure that Kubiak had a reasonable basis on which to recommend LIETFs. The firm did not provide formal training to representatives before permitting them to sell the product to retail customers. The firm also did not have procedures to monitor LIETFs for potentially unsuitable holding periods. As a result, the firm did not sufficiently train Kubiak on the unique features and specific risks associated with LIETFs before he sold the product to customers which caused the customers to hold these products for unsuitably long periods. Subsequently, the firm ended the sale of LIETFs by its representatives.

The suspension is in effect from October 7, 2019, through January 6, 2020. ([FINRA Case #2016048196801](#))

Reported for November 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).

**Meyers Associates, L.P. nka Windsor Street Capital, LP ([CRD #34171](#), New York, New York),
Bruce Meyers ([CRD #1045447](#), New York, New York)**

September 24, 2019 – A Securities and Exchange Commission (SEC) decision became final in which the firm was fined \$700,000, and Bruce Meyers was barred from association with any FINRA member in any principal or supervisory capacity and fined \$100,000. The SEC sustained the findings and the sanctions imposed by the National Adjudicatory Council (NAC). The sanctions were based on findings that the firm and Bruce Meyers used unbalanced and misleading communications with the public. The findings stated that Bruce Meyers used his firm email address to send emails concerning a biotechnology company he co-founded to persons identified as being involved with, or having invested in, biotechnology companies. The firm and Bruce Meyers collectively owned more than 60 percent of the company's common stock. The emails did not provide a sound basis for evaluating the claims made therein, contained false or misleading claims, were not fair and balanced, included baseless performance predictions and misleading forecasts, and did not disclose the name of the firm and its relationship with the company. In these emails, the domain name of Bruce Meyers's email address was the only indication of his association with the firm. The emails did not disclose the firm and Bruce Meyers' ownership interest in the company or that the firm had raised approximately \$13 million in capital for the company and earned more than \$1 million in compensation since the company's inception. The findings also stated that the firm created and maintained inaccurate books and records. The firm reimbursed Bruce Meyers and another senior officer for more than \$60,000 in personal expenses that they charged to their corporate and personal credit cards. Although there is no allegation that the reimbursements were improper, the firm inaccurately recorded them in its general ledger as business expenses rather than employee compensation. This caused the firm to underreport employee compensation in its Financial and Operational Combined Uniform Single (FOCUS) reports and annual audited reports for two years. The findings also included that the firm failed to report to FINRA statistical and summary information regarding written customer complaints it received, and reported statistical and summary information for other written complaints it received more than a year late. FINRA found that the firm and Bruce Meyers failed to establish and maintain a reasonable supervisory system for the preparation of books and records. The firm permitted Bruce Meyers and the other senior officer to submit only the first page of their credit card statements that stated the total monthly charges, but did not itemize or differentiate business and personal expenses. As a result, the firm's accounting personnel did not know about the reimbursement of personal expenses pursuant to the employment contracts, and the personal expenses were misclassified in the books and records as business expenses rather than as employee compensation. FINRA also found that the firm failed to establish and maintain a reasonable supervisory system for the review of electronic correspondence. The firm's WSPs did not address how supervisors were to select electronic correspondence for review, how they were to review it, the frequency of such reviews and the manner in

which to document reviews, nor did the firm maintain records of its supervisory review of electronic correspondence. In addition, FINRA found that the firm failed to establish and maintain a reasonable system of supervisory controls. The firm's system of supervisory controls failed to reasonably explain how the firm would identify producing managers, review the customer account activities of those managers, or determine if those managers were in need of heightened supervision because they generated 20 percent or more of the revenue of the business units supervised by the manager's supervisor. The firm's system of supervisory controls also failed to reasonably discuss how it would review and monitor transmittals of customer funds and securities. ([FINRA Case #2010020954501](#))

Newbridge Securities Corporation ([CRD #104065](#), Boca Raton, Florida), Bruce Howard Jordan ([CRD #1223556](#), Boca Raton, Florida)

September 26, 2019 – An AWC was issued in which the firm was censured, fined \$225,000 and required to retain an independent consultant to conduct a comprehensive review of the reasonableness of the firm's policies, systems and procedures (written or otherwise) and training with respect to its participation in private placement and minimum contingency offers. Jordan was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, the firm and Jordan consented to the sanctions and to the entry of findings that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to supervise its representative's recommendations of structured products, despite the fact that structured products comprised a significant portion of the firm's business. The findings stated that the firm's representatives solicited retail customers to invest approximately \$96.9 million in structured products and the customers invested \$54.9 million of those funds in non-principal protected structured notes. The firm failed to establish any supervisory systems or procedures to reasonably ensure that its reviewing principals, who were tasked with supervising structured product recommendations, were reviewing for compliance with the product profiles and seeking approval, where required, for exceptions to the product profiles. The findings also stated that the firm failed to reasonably supervise the sale of leveraged, inverse and inverse-leveraged exchange-traded funds (Non-Traditional ETFs). The firm's supervisory system and WSPs prohibited solicited sales of Non-Traditional ETFs, but the firm failed to reasonably enforce this prohibition. The firm instituted a surveillance system to detect solicited sales of Non-Traditional ETFs; however, when the firm's software vendor stopped updating the surveillance system, the firm failed to manually update the system with new Non-Traditional ETF symbols. As a result, the firm failed to detect prohibited Non-Traditional ETF sales. In addition, because the firm's only system for supervising solicited sales of Non-Traditional ETFs was to prohibit them, it had no system or procedures to review such sales for suitability or to monitor their holding periods. The findings also included that the firm and Jordan failed to reasonably supervise a private placement offering because they allowed the firm to rely primarily on

due diligence conducted by the issuer of the offering. As a result of its failure to perform due diligence, Newbridge recommended the sale of the private placement offering without a reasonable basis to believe that the recommendation was suitable for at least some investors. FINRA also found that the firm deposited investor funds into a law firm trust account for the offering instead of requiring that an independent bank be established as the escrow agent.

The suspension is in effect from October 21, 2019, through December 20, 2019. ([FINRA Case #2016047569601](#))

Firms Fined

Ace Diversified Capital, Inc. ([CRD #41768](#), San Gabriel, California)

September 11, 2019 – An AWC was issued in which the firm was censured, fined \$20,000, ordered to pay \$9,442, plus interest, in restitution to customers and required to revise its supervisory systems, including its written procedures, to address the deficiencies described in the AWC as they related to the sale of non-traditional exchange-traded funds and notes; quantitative suitability related to potentially excessive trading; and options trading. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a former representative's sale of non-traditional exchange-traded funds (ETFs) and exchange-traded notes (ETNs) to his customers. The findings stated that none of the representative's customers had experience investing in complex securities. Despite his customers' limited financial means, lack of sophistication and risk tolerance, the firm permitted the representative to recommend non-traditional ETF and ETN purchases, with a total value of \$262,867, for the customer's accounts. Moreover, notwithstanding the risks associated with holding periods longer than a day, the accounts held overnight positions in these securities for an extended period of time. The two customers suffered \$7,506 and \$1,882 in losses, respectively, in connection with the recommendations. The firm failed to establish and maintain any supervisory system, WSPs or training to ensure the suitability of non-traditional ETF and ETN recommendations to its customers or monitor the risks associated with holding non-traditional ETFs and ETNs for extended periods of time. The firm's training on these products was likewise unreasonable in that its training materials were limited to a brief, one-paragraph overview of leveraged and inverse ETFs. The findings also stated that the firm failed to establish a supervisory system, including written procedures, that was reasonably designed to detect potential excessive trading and, therefore, achieve compliance with the requirement that the firm's recommendations are quantitatively suitable. The firm failed to detect that the former representative's trading in his customers' accounts reached levels that are indicative of excessive trading. The findings also included that the firm failed to establish and maintain a reasonable supervisory system, including WSPs, concerning the approval of options accounts. The firm accepted options orders in an

account that was not approved for options trading by a registered options principal. That account was located in a branch office with more than three registered representatives and whose principal supervisor, the branch manager, was not qualified to supervise an options business. The firm's supervisory system and WSPs were unreasonable because they did not require the branch's principal supervisor to obtain the necessary qualification as a registered options principal to supervise the branch's options business. ([FINRA Case #2016049183302](#))

Wellington Shields & Co., LLC ([CRD #149021](#), New York, New York)

September 18, 2019 – An AWC was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to make and keep accurate records of customer confirmation and trade blotters. The findings stated that the firm's fixed income traders in government agency and municipal securities failed to consistently complete the unsolicited/solicited field when entering trades in the order entry system (OES). Although the traders kept contemporaneous records outside the OES that were generally complete and accurate, their failure to fully populate the OES caused trades in municipal securities and government agency securities to be mismarked as unsolicited on the firm's trade blotter. These trades were also inaccurately identified as unsolicited on the transaction confirmations that were provided to the firm's customers. These errors resulted in the mismarking of trades that constituted approximately 90 percent of the trades in municipal and government agency securities effected by the firm. No customers experienced financial harm and no inaccurate information was disseminated to the market as the result of the errors. ([FINRA Case #2016050022401](#))

Hilltop Securities Inc. ([CRD #6220](#), Dallas, Texas)

September 23, 2019 – An AWC was issued in which the firm was censured, fined \$250,000 and required to submit to FINRA a written certification that it has completed a review of its systems and procedures regarding SEC Rule 10b-16(a)(1) and, as of the date of the certification, the firm's policies, systems and procedures are reasonably designed to achieve compliance with this rule. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish procedures reasonably designed to assure that customers received initial margin interest rate disclosures and failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 10b-16(a)(1). The findings stated that the firm provided its introducing broker-dealers with a customer information brochure that each introducing firm was obligated to provide to each customer opening a margin account. However, the firm's brochure did not provide the current base margin interest rate or explain the relationship of the base rate to any publicly available rate, and the firm did not otherwise assure that the current base rate (or an explanation of how the base rate was calculated) was given to customers seeking to open margin accounts. The firm also did not provide in its brochure the mark-up/mark-down or introducing broker-dealer-

specific mark-up, which the firm added to the base rate to determine the margin interest rate it would charge each customer, or otherwise assure that the mark-up/mark-down or introducing broker-dealer-specific mark-up was provided to customers. The findings also stated that many customers did not receive the initial disclosure stating the annual rate or rates of margin interest that could be imposed. ([FINRA Case #2018060195201](#))

Individuals Barred

Stefan Anton Pastor ([CRD #5141819](#), Fort Lauderdale, Florida)

September 4, 2019 – An AWC was issued in which Pastor was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pastor consented to the sanction and to the entry of findings that he provided false information to FINRA during on-the-record testimony during the course of an investigation related to a customer complaint that alleged he executed unauthorized trades for, and that he provided false trade confirmations to, a customer of his member firm. The findings stated that Pastor's firm had filed a Uniform Termination Notice for Securities Industry Registration (Form U5) that terminated his association with it based on the customer's complaint. Pastor falsely claimed to FINRA that the customer authorized the trades at issue and denied providing false trade confirmations to the customer, which purportedly demonstrated that he had reversed the unauthorized trades. The customer never authorized the trades at issue and Pastor did, in fact, provide false trade confirmations to her in an attempt to prove that he reversed the unauthorized trades. ([FINRA Case #2018058316601](#))

Michael Barry Carter ([CRD #3232017](#), Potomac Falls, Virginia)

September 9, 2019 – An AWC was issued in which Carter was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carter consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA during the course of an investigation initiated after FINRA received an external tip relating to allegations of misconduct that were ultimately contained in a Form U5 filed by his member firm. ([FINRA Case #2019063523501](#))

John C. Howley ([CRD #2229244](#), Rumson, New Jersey)

September 9, 2019 – An AWC was issued in which Howley was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Howley consented to the sanction and to the entry of findings that he refused to appear and provide an on-the-record testimony requested by FINRA in connection with its investigation into allegations reported by his member firm in a Form U5 stating that he failed to disclose private securities transactions to the firm and referred clients to outside investments. ([FINRA Case #2018060502601](#))

Apostolos Nicolas Pitsironis ([CRD #2804907](#), Dix Hills, New York)

September 9, 2019 – An AWC was issued in which Pitsironis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pitsironis consented to the sanction and to the entry of findings that he converted \$411,000 in customer funds when he electronically transmitted the funds through automated clearing house transfers from the customer's securities account at his member firm to a bank account Pitsironis' controlled, without the customer's knowledge or consent. The findings stated that upon learning of Pitsironis' actions, the firm made the customer whole. ([FINRA Case #2019063054201](#))

Jack David Stone ([CRD #437327](#), Chicago, Illinois)

September 9, 2019 – An AWC was issued in which Stone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stone consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into his securities activities while at his member firm, including possible misrepresentations to customers, use of discretion and unauthorized transactions. ([FINRA Case #2017053685201](#))

Heather Joy Baker ([CRD #4920460](#), Huntsville, Alabama)

September 10, 2019 – An AWC was issued in which Baker was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Baker consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into the circumstances surrounding her resignation from her member firm. The findings stated that Baker was permitted to resign while under review for the possible violation of the firm's bank affiliate's employee expenses policy. ([FINRA Case #2018060818301](#))

Clayton Holman Wertz ([CRD #2931973](#), Dallas, Texas)

September 11, 2019 – An AWC was issued in which Wertz was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Wertz consented to the sanction and to the entry of findings that he created false account statements for a customer in connection with helping the customer secure a bank loan for \$1.872 million. The findings stated that Wertz created a false account statement for the customer by changing the name, address and account number on another customer's statement that showed the account holding more than \$3 million in securities. Wertz gave the false account statement to the bank's loan officer. Because the bank required copies of account statements each month, he created a false account statement for the customer every month. Wertz knew the account statements contained false values and that they would be submitted to the bank to obtain and maintain the loan. Based in part on the false account statement, the bank loaned the customer's entity \$1.872 million.

Wertz received \$50,000 from the customer and the customer's brother in payment for his actions. The customer's entity subsequently borrowed additional money from the bank and was extended a line of credit based in part on the false account statements. The customer's entity ultimately defaulted on its loans from the bank, resulting in a loss to the bank of more than \$3.2 million. ([FINRA Case #2019061689501](#))

Thomas Stappas ([CRD #855198](#), Bridgewater, New Jersey)

September 13, 2019 – An AWC was issued in which Stappas was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stappas consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into allegations that he engaged in outside business activities, and recommended private securities transactions to customers of his member firm. The findings stated that neither of these activities were disclosed to the firm. ([FINRA Case #2018059326201](#))

Whitney Simon ([CRD #6815971](#), Jacksonville, Florida)

September 16, 2019 – An AWC was issued in which Simon was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Simon consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA after allegations that she wrote checks from a personal bank account that she then deposited into accounts at her member firm's affiliate bank without having sufficient funds to cover the checks at the time they were deposited. ([FINRA Case #2019061839001](#))

Donald Edward Teboe ([CRD #4407610](#), Clinton, Michigan)

September 16, 2019 – An AWC was issued in which Teboe was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Teboe consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into allegations that he engaged in unsuitable trading while registered through multiple member firms. ([FINRA Case #2018057149701](#))

Kevin Scott Gunnip ([CRD #2701801](#), Colleyville, Texas)

September 18, 2019 – An AWC was issued in which Gunnip was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gunnip consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into allegations that Gunnip engaged in unsuitable short-term trading of long-term securities. ([FINRA Case #2017055476201](#))

Joseph Hersey Pratt ([CRD #719416](#), Radnor, Pennsylvania)

September 24, 2019 – An AWC was issued in which Pratt was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pratt consented to the sanction and to the entry of findings that he misused the confidential information obtained from insiders at a public biopharmaceutical company by communicating it to several of his member firm’s customers. The findings stated that Pratt knew insiders at the company, including a director, a member of the company’s scientific advisory board and a doctor involved in the United States Food and Drug Administration (FDA) clinical trials. On numerous occasions, Pratt failed to disclose these relationships to his firm as required. The company sent the firm a letter stating that Pratt had been attempting to obtain confidential information from several company insiders. In response, the firm prohibited Pratt from speaking with the company’s employees. Despite this prohibition, Pratt continued to seek information from the company. In response to Pratt’s inquiries, the company’s insiders sent Pratt documents and emails containing confidential information concerning its ongoing FDA clinical trials, including patient data from the trial, newly discovered data that the company felt warranted a patent, and a confidential timeline of upcoming FDA filings. The findings also stated that although Pratt received approval to make a one-time personal investment in a speculative private, start-up company, he did not provide his firm with prior written notice or obtain prior approval for his subsequent personal investments totaling \$119,000 in shares of the company that were made away from the firm. Additionally, Pratt failed to provide prior written notice or obtain prior approval for his solicitation of investors in private securities transactions in the company. In addition, Pratt solicited individuals, some of whom were his customers at the firm, to invest approximately \$436,000 in shares of the company. ([FINRA Case #2014043750301](#))

Keith Wakefield ([CRD #3250539](#), Evanston, Illinois)

September 25, 2019 – An AWC was issued in which Wakefield was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Wakefield consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation of him for, among other things, possible trading improprieties at his member firm. ([FINRA Case #2019063576601](#))

Hannah Burgess ([CRD #7048323](#), Chico, California)

September 26, 2019 – An AWC was issued in which Burgess was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Burgess consented to the sanction and to the entry of findings that she converted approximately \$1,869 belonging to a customer of her member firm by accessing a personal bank account of the customer and transferring funds to pay her personal credit card account and college tuition. The findings stated that Burgess knew that the funds did not belong to her, and made each of the transfers without the customer’s knowledge or consent. ([FINRA Case #2019062603701](#))

Victor Polakoff ([CRD #365011](#), Atlantic Highlands, New Jersey)

September 27, 2019 – An AWC was issued in which Polakoff was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Polakoff consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into certain municipal bond offerings. ([FINRA Case #2017055886401](#))

Individuals Suspended

Robert Charles McNamara ([CRD #2265046](#), Rye, New York)

September 3, 2019 – A NAC decision became final in which McNamara was fined \$10,000, suspended from association with any FINRA member in all capacities for 30 business days and required to requalify by examination as a General Securities Representative before reentering the securities industry in any capacity requiring registration. The NAC modified the findings and sanctions imposed by the Office of Hearing Officers (OHO). The sanctions were based on findings that McNamara failed to disclose to his member firm brokerage accounts held at another FINRA member firm. The findings stated that the Hearing Panel had found that McNamara failed to disclose to his firm six of the eight accounts he and his wife held at the other firm. The NAC found McNamara liable for failing to disclose four of these accounts, but vacated the finding of violation with respect to two of the accounts because the record was insufficient to determine his liability for these accounts. The Hearing Panel concluded that McNamara acted recklessly in not disclosing all his accounts at the other firm on an account disclosure form. However, the NAC concluded that McNamara acted negligently, not recklessly, when he failed to disclose some accounts to his firm. The findings also stated that McNamara improperly purchased equity initial public offering (IPO) shares in an account held at the other firm and provided inaccurate information to that firm in order to purchase those shares. The NAC found McNamara acted negligently when he provided inaccurate information on Client Affirmation of Eligibility for Initial Public Offerings and purchased the equity IPO shares. McNamara inaccurately attested to the other firm that he was not associated with a FINRA member, thereby was not restricted from purchasing equity IPO shares. McNamara should have been aware that he was prohibited from purchasing equity IPO shares, but did not understand FINRA Rule 5130 and made no effort to educate himself before engaging in the IPO transaction. As soon as McNamara realized the equity IPO transaction was violative, he contacted his firm's chief executive officer (CEO) and disclosed it. McNamara accepted responsibility and acknowledged his misconduct prior to detection and intervention by the firm or FINRA and he made no attempt to conceal it.

The suspension was in effect from September 16, 2019, through October 25, 2019. ([FINRA Case #2016049085401](#))

Daniel William Staudacher ([CRD #2878221](#), Lantana, Texas)

September 5, 2019 – An AWC was issued in which Staudacher was fined \$10,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Staudacher consented to the sanctions and to the entry of findings that he engaged in securities business, and thereby associated with his member firm while under a FINRA suspension. The findings stated that Staudacher associated with the firm while subject to statutory disqualification that resulted from his suspension. The findings also stated that to accommodate his customers, Staudacher electronically affixed their signatures on new securities account applications by entering the last four digits of their social security numbers on the applications.

The suspension is in effect from October 7, 2019, through December 6, 2019. ([FINRA Case #2017053574801](#))

Peter Gary Plaut ([CRD #2174346](#), London, United Kingdom)

September 6, 2019 – An AWC was issued in which Plaut was assessed a deferred fine of \$7,500, suspended from association with any FINRA member in all capacities for nine months and ordered to pay deferred disgorgement of commissions received in the amount of \$36,590, plus interest. Without admitting or denying the findings, Plaut consented to the sanctions and to the entry of findings that he engaged in outside business activities, including employment as a broker at a foreign broker-dealer, without providing prior written notice to his member firms. The findings stated that through the foreign broker-dealer, Plaut participated in private securities transactions by soliciting high-yield bond transactions, purchasing and selling the bonds and receiving related commissions without providing prior written notice to, and receiving prior written approval from, the firms. While associated with the firms, Plaut's bond sales at the foreign broker-dealer resulted in sales totaling over \$700,000 and receipt of \$36,590 in commissions. In addition, Plaut referred an investor to a real estate investment and received \$70,000 in referral fees, received \$31,000 for work with two companies providing education and advice regarding litigation funding and established an investment advisory consulting firm with the expectation that the entity would receive compensation. Through the investment advisory consulting firm, Plaut entered into an agreement in which he would receive a monthly salary and commissions in connection with his sales. Plaut received a salary totaling \$83,012 for this work. The findings also stated that on a compliance questionnaire that Plaut submitted to one of the firms, he inaccurately answered a question asking whether he was engaged in any outside business activities.

The suspension is in effect from September 16, 2019, through June 15, 2020. ([FINRA Case #2018060178301](#))

Jeffery Lawrence Vasiloff (CRD #3180004, Vermillion, Ohio)

September 6, 2019 – An AWC was issued in which Vasiloff was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Vasiloff consented to the sanctions and to the entry of findings that he exercised discretion in a customer account without written authorization from the customer. The findings stated that although Vasiloff discussed investment strategies with the customer, he did not speak with the customer about the specific trades on the dates of the transactions. In addition, Vasiloff's member firm prohibited the exercise of discretion in brokerage accounts.

The suspension was in effect from October 7, 2019, through October 18, 2019. ([FINRA Case #2018059317501](#))

Clay Gavin Erickson (CRD #1583644, Ogden, Utah)

September 9, 2019 – An AWC was issued in which Erickson was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Erickson consented to the sanctions and to the entry of findings that he effected unauthorized transactions, totaling \$5,317,233.32, in his customers' variable annuity accounts. The findings stated that Erickson transferred all of the funds held by the customers across 86 variable annuity contracts to a money market sub-account in an effort to protect customers' account value, because he anticipated an imminent market downturn. Erickson did not possess discretionary authority over his customers' accounts. Erickson did not receive any compensation in connection with executing the transactions. The customers' accounts did not suffer any losses, and the customers did not incur any fees in connection with the transactions. Erickson's member firm resolved the one complaint it received from a customer regarding his conduct.

The suspension is in effect from September 16, 2019, through June 15, 2020. ([FINRA Case #2017056602301](#))

Melissa Ann Strouse (CRD #3200452, Cave Creek, Arizona)

September 9, 2019 – An AWC was issued in which Strouse was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in any principal capacity for four months and required to requalify by examination as a General Securities Principal before acting in that capacity with any FINRA member. Without admitting or denying the findings, Strouse consented to the sanctions and to the entry of findings that she failed to timely update Uniform Application for Securities Industry Registration or Transfer (Form U4) forms for representatives of her member firm to disclose outstanding liens, judgments, bankruptcies and compromises with creditors, despite having notice of those events. The findings stated that as the chief compliance officer (CCO), Strouse had the responsibility to

amend the representative's Form U4s within 30 days of discovery of an event requiring an amendment. The findings also stated that Strouse failed to prepare two required annual FINRA Rule 3120 reports for senior management detailing the firm's system of supervisory controls and testing thereof.

The suspension is in effect from September 16, 2019, through January 15, 2020. ([FINRA Case #2017055723501](#))

Robert Patrick Pachciarz (CRD #5337955, Plainfield, Illinois)

September 12, 2019 – An AWC was issued in which Pachciarz was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Pachciarz consented to the sanctions and to the entry of findings that he engaged in an undisclosed and an unapproved private securities transaction involving the sale of a \$500,000 note to an investor. The findings stated that the investor requested that Pachciarz recommend a private investment to him. In response, Pachciarz introduced the customer to the founder of a private company for the purpose of making a potential investment in it. Pachciarz introduced the parties, received email communications concerning the customer's potential investment, coordinated and attended meetings where the customer's potential investment was discussed, actively participated in those discussions, formally witnessed the execution of closing documents and arranged a potential means of funding the customer's investment. Pachciarz did not disclose to his member firm his involvement in the sale of the note nor did he seek approval from it to participate in the sale.

The suspension is in effect from September 16, 2019, through March 15, 2020. ([FINRA Case #2018059912001](#))

Rawley Keith Hallman (CRD #6524072, Clarkston, Michigan)

September 13, 2019 – An AWC was issued in which Hallman was suspended from association with any FINRA member in all capacities for 18 months. In light of Hallman's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Hallman consented to the sanction and to the entry of findings that he possessed study materials during a General Securities Representative (Series 7) qualification examination in contravention of FINRA's Rules of Conduct for the test. The findings stated that after completing approximately 45 percent of the test, Hallman took an unscheduled break, visiting the restroom for approximately ten minutes. When Hallman returned to the testing room, a proctor searched him and found a sheet of paper in his pocket titled Starter Cheat Sheet that contained formulas and facts about several topics on the test. The proctor confiscated the sheet of paper and Hallman finished the test, failing it. Hallman did not change any answers after his unscheduled break.

The suspension is in effect from October 7, 2019, through April 6, 2021. ([FINRA Case #2019061486601](#))

Shirley Anne Weston ([CRD #1957345](#), Foster City, California)

September 13, 2019 – An AWC was issued in which Weston was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Weston consented to the sanctions and to the entry of findings that she borrowed \$35,000 from a customer of her member firm without obtaining pre-approval from the firm or otherwise disclosing the loan. The findings stated that Weston failed to disclose that she had borrowed money from a customer on a firm questionnaire. The loan remained outstanding for eight years and Weston ultimately repaid the customer three years after the agreed upon deadline for repayment.

The suspension is in effect from September 16, 2019, through January 15, 2020. ([FINRA Case #2018057143801](#))

Christopher Lowell Childers ([CRD #2175772](#), Johnston, Iowa)

September 18, 2019 – An AWC was issued in which Childers was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Childers consented to the sanctions and to the entry of findings that he failed to timely execute a customer's transaction resulting in an almost four-month delay in the customer's purchase of a variable annuity. The findings stated that in order to belatedly execute this transaction, Childers re-dated the customer's variable annuity application, thus falsifying the document and causing his member firm to maintain inaccurate books and records. The findings also stated that to create the false impression that he had already submitted the variable annuity transaction for approval, Childers provided the customer with a falsified variable annuity account statement. When the firm discovered Childers' falsification of the customer's variable annuity application and creation of a false variable annuity statement, Childers admitted to his misconduct and was permitted to resign from the firm.

The suspension is in effect from October 7, 2019, through February 6, 2020. ([FINRA Case #2018058496901](#))

Lori Rood Thompson ([CRD #2416616](#), Milton, Massachusetts)

September 20, 2019 – An AWC was issued in which Thompson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Thompson consented to the sanctions and to the entry of findings that she caused her member firm to effect unauthorized transfers totaling \$367,387.57 by falsely attesting that she had spoken with the customer to confirm the information on disbursement request forms when, in fact, she had not done so. The findings stated that in response to an earlier email chain between her and the customer, Thompson received an email from an imposter purporting to be the customer and requesting that the firm send \$68,740.55 from the customer's brokerage account to

a third party. Thompson received two additional emails from an impostor purporting to be the customer requesting that two checks be sent to one third party and two checks be sent to another third party for a total of \$298,646.92. On each occasion, Thompson issued the checks and completed client contact attestation forms, falsely attesting that she had spoken to the customer to confirm the disbursement requests when she had not. The findings also stated that Thompson caused her firm to maintain inaccurate books and records by falsifying client contact attestation forms.

The suspension is in effect from October 7, 2019, through December 6, 2019. ([FINRA Case #2019061427301](#))

David C. Vanech (CRD #5195259, Providence, Rhode Island)

September 20, 2019 – An AWC was issued in which Vanech was fined \$3,000, suspended from association with any FINRA member in all capacities for three months and ordered to attend and satisfactorily complete 10 hours of continuing education (CE). Without admitting or denying the findings, Vanech consented to the sanctions and to the entry of findings that he requested his client service associate at his member firm complete his firm element CE modules on his behalf. The findings stated that Vanech did not complete the training himself. The client service associate completed the training on Vanech's behalf. Later, Vanech admitted his misconduct to the firm during an internal investigation.

The suspension is in effect from October 21, 2019, through January 20, 2020. ([FINRA Case #2018060817701](#))

David Manor (CRD #6033220, Brookline, Massachusetts)

September 23, 2019 – An Offer of Settlement was issued in which Manor was suspended from association with any FINRA member in all capacities for nine months. In light of Manor's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Manor consented to the sanction and to the entry of findings that he participated in an unapproved outside business activity with his customer, a then 75-year-old retiree with limited income. The findings stated that Manor assisted the customer in selling mineral rights on a property the customer owned. In return for Manor's assistance, the customer paid him \$107,000. Manor failed to disclose his participation in the mineral rights sale, or his compensation from this participation, to his firm. The findings also stated that Manor convinced the customer to use proceeds from the same mineral rights transaction in which he participated to open and fund an online brokerage account away from Manor's member firm. Manor and the customer agreed that Manor would trade the account on the customer's behalf. Manor participated in private securities transactions by recommending and executing numerous transactions within the account held at another firm. Manor did not provide written notice to his firm of the account or his trading of securities within it. The findings also included that once the other account was opened, Manor used the customer's login credentials to access the account and then effect

risky, uncovered options trading. This trading was unsuitable for the customer, who had an investment objective of moderate growth, a moderate risk tolerance and no options trading experience. As a result of Manor's unsuitable options trading, the customer lost approximately \$224,000 in less than three months. In addition, Manor's recommendation was unsuitable because the customer lacked the financial knowledge and experience to evaluate the risks of the recommended transactions.

The suspension is in effect from October 7, 2019, through July 6, 2020. ([FINRA Case #2017056648801](#))

Raleigh Edward Kraft (CRD #1036719, Front Royal, Virginia)

September 27, 2019 – An AWC was issued in which Kraft was fined \$5,000 and suspended from association with any FINRA member in all capacities for 60 days. Without admitting or denying the findings, Kraft consented to the sanctions and to the entry of findings that he caused his member firm to fail to review and retain emails concerning business-related matters among its books and records by using a personal email address to communicate with securities customers. The findings stated that Kraft used the personal email account even though the firm's written procedures required him to use its email system when sending or receiving business related emails. Kraft also signed annual attestations stating that he was aware of, and abided by, the firm's policies and procedures, including specifically its policies governing email communications. Furthermore, Kraft used the personal email address to send correspondence to customers that required firm compliance review and pre-approval, and thereby circumvented its compliance procedures.

The suspension is in effect from October 21, 2019, through December 19, 2019. ([FINRA Case #2016052066501](#))

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.

Kevin J. Murphy (CRD #1645347, Dana Point, California)

September 16, 2019 – Murphy was named a respondent in a FINRA complaint alleging that he participated in an undisclosed private securities transaction away from his member firm by soliciting and negotiating a \$500,000 investment in exchange for shares of common stock of a company. The complaint alleges that Murphy solicited the investment in the company from two individuals who jointly owned a corporation that was a customer of

the firm, in order to provide funding for the company to become a FINRA member and operate as a clearing firm. The complaint also alleges that Murphy engaged in undisclosed outside business activities on behalf of the company, including acting as an officer of it. In addition, Murphy had a reasonable expectation of compensation as a result of the work he performed on behalf of the company. ([FINRA Case #2017054548001](#))

Halil Kozi ([CRD #1121714](#), Middletown, New Jersey)

September 17, 2019 – Kozi was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder and violated FINRA Rule 2020 by churning a customer's account. The complaint alleges that Kozi exercised de facto control over the trading in a customer's account. Kozi knew that the customer lacked experience trading equities and options and did not sufficiently understand the nature of the options trades that he was recommending to the customer to make an independent evaluation. Kozi engaged in high-pressure sales tactics and the customer routinely followed Kozi's recommendations, including which securities to buy and sell, the amount of money to invest and when to buy and sell. The complaint also alleges that the level of trading Kozi recommended in the customer's account was excessive, quantitatively unsuitable and inconsistent with the customer's moderate risk tolerance and balanced growth investment objective, as evidenced by the account's annualized cost-to-equity ratio of 53 percent. The customer deposited a little over \$200,000 in his account at Kozi's member firm. Within the span of about a year and a half, Kozi recommended equity and options transactions, with a principal value of over \$3 million. Kozi's recommended transactions for the customer's account generated gross commissions totaling over \$135,000, of which Kozi himself received over \$87,000, which caused the customer's account to incur losses of nearly \$72,000. Commissions from this customer's account made up 95 percent of Kozi's commission income. The complaint further alleges that Kozi's recommended options transactions were qualitatively unsuitable given the high level of speculation involved as well as the transaction costs incurred when considered in the context of the customer's investment objective, risk tolerance and financial situation and needs. Kozi lacked a reasonable basis to believe that the customer was aware of and understood the risks associated with the options trading he recommended, as the customer had no experience trading options and many of the options trades Kozi recommended were speculative and intended for sophisticated options investors. Kozi also lacked a reasonable basis to recommend that the customer purchase stock in quantities that caused the stock at one point to make up 85 percent of the customer's account value. ([FINRA Case #2016048921102](#))

Thomas John Lykos Jr. ([CRD #2017220](#), Houston, Texas)

September 17, 2019 – Lykos was named a respondent in a FINRA complaint alleging that he engaged in unethical conduct while taking the Series 24 qualification examination for a third time. The complaint alleges that during the exam, Lykos wrote on his hand and driver's license while viewing examination questions. Lykos then took a nearly 30-minute

unscheduled break, during which he left the testing center premises in violation of FINRA's Rules of Conduct. After the break, Lykos attempted to bring a business card with handwritten notes on it into the examination testing room, but was thwarted by a testing center employee. Lykos changed his answers to two questions after returning to the testing room and revisited several of the questions that he had been viewing while writing on his hand and driver's license. Lykos engaged in such conduct after acknowledging and agreeing to follow FINRA's Rules of Conduct applicable to qualification examinations. ([FINRA Case #2018059510201](#))

Firm Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

Spencer Edwards, Inc. (CRD #22067)
Centennial, Colorado
(September 17, 2019)
FINRA Case #2016051209102

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

Eastridge Capital, LP (CRD #165579)
New York, New York
(September 6, 2019)

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

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

Arque Capital, LTD. (CRD #121192)
Scottsdale, Arizona
(September 3, 2019 – September 6, 2019)

Chapwood Securities, Inc. (CRD #154376)
Plano, Texas
(September 3, 2019 – September 19, 2019)

Chapwood Securities, Inc. (CRD #154376)
Plano, Texas
(September 9, 2019 – September 19, 2019)

Clinger & Co., Inc. (CRD #1471)
Houston, Texas
(June 14, 2019 – September 16, 2019)

Financial West Investment Group, Inc. (CRD #16668)
Reno, Nevada
(September 3, 2019)

Financial West Investment Group, Inc. (CRD #16668)
Reno, Nevada
(September 9, 2019)

Firm Suspended for Failure to Pay FINRA Dues, Fees and Other Charges Pursuant to FINRA Rule 9553

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

TCM Securities, Inc. dba Taylor Capital Management Inc. (CRD #43559)
Woodstock, Georgia
(September 24, 2019)

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

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

Charles Louis Laubach (CRD #1097453)
Bel Air, Maryland
(September 17, 2019)
FINRA Case #2018057298401

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.)

Sandra R. Acree (CRD #4770756)
Cleves, Ohio
(September 3, 2019)
FINRA Case #2018058811801

Debra Jean Ader (CRD #2992185)
Bloomsbury, New Jersey
(September 9, 2019)

FINRA Case #2018060297501 Andrew Charles Baker (CRD #5394639)
Glen Allen, Virginia
(September 3, 2019)
FINRA Case #2018060336901

Reed Francis Bermingham (CRD #5526970)
West Hartford, Connecticut
(September 20, 2019)
FINRA Case #2019062274101

Michael Dean Brackett (CRD #4274006)
Harrodsburg, Kentucky
(September 16, 2019)
FINRA Case #2018059817601

Margareta Theresia Childs (CRD #1495891)
San Juan Capistrano, California
(September 20, 2019)
FINRA Case #2019061958901

Pete Chinn (CRD #2122338)
Monterey Park, California
(September 23, 2019)
FINRA Case #2019061378301

Eric Hugh Credle (CRD #6955662)
Indianapolis, Indiana
(September 20, 2019)
FINRA Case #2019062189501

David Cohen Drees (CRD #6619064)
Salt Lake City, Utah
(September 3, 2019)
FINRA Case #2018060347001

George Clifton Edwards (CRD #5537921)
Mascoutah, Illinois
(September 3, 2019)
FINRA Case #2019062096901

Jason Glenn Harris (CRD #6137163)
Orem, Utah
(September 20, 2019)
FINRA Case #2019061606401

Jack Lee Lowrey Jr. (CRD #1241746)
Pensacola, Florida
(September 9, 2019)
FINRA Case #2018060947901

Olivia Anne Pullin (CRD #6679567)
Spring Hill, Tennessee
(September 20, 2019)
FINRA Case #2019061855501

Stephen Tyler Ryan (CRD #5998547)
Batavia, Ohio
(September 20, 2019)
FINRA Case #2018059734001

Vernon David Sears Jr. (CRD #5783551)
Fair Oaks Ranch, Texas
(September 20, 2019)
FINRA Case #2018058045201

Fadi Sami Soliman (CRD #2740790)
Spotswood, New Jersey
(September 9, 2019)
FINRA Case #2018057407901

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.)

Emmanuel Olufemi Ajayi (CRD #5675154)
Bronx, New York
(September 16, 2019)
FINRA Case #2018060928001

Christopher Joseph Arts (CRD #1991130)
New York, New York
(September 6, 2019)
FINRA Case #2019061810201

Jamie Silber Bennett (CRD #2740248)
Sherman Oaks, California
(September 3, 2019)
FINRA Case #2019061763301

Tywan Chariff Bishop (CRD #6441836)
New York, New York
(September 16, 2019)
FINRA Case #2018059644302

Mauricio Borja (CRD #6102733)
Mission, Texas
(September 3, 2019)
FINRA Case #2018058726502

Ryan J. Botner (CRD #4998373)
Fargo, North Dakota
(September 3, 2019)
FINRA Case #2019062866301

Stephen Albert Encino (CRD #6328652)
Katy, Texas
(September 6, 2019)
FINRA Case #2019062113901

Michael Edgar Freeman (CRD #2311151)
New York, New York
(September 20, 2019)
FINRA Case #2019061722101

Scott Allen Fries (CRD #2205768)
Piqua, Ohio
(September 6, 2019)
FINRA Case #2019062558701

Samuel Anthony Manner (CRD #5971189)
Williamstown, New Jersey
(September 30, 2019)
FINRA Case #2019062860401

Michael Allen Navarre (CRD #6255899)
Los Angeles, California
(September 3, 2019)
FINRA Case #2019062380001

Todd Lee Oplinger (CRD #1038182)
Schnecksville, Pennsylvania
(September 27, 2019)
FINRA Case #2018057317801

Karishma Persaud aka Susy Persaud (CRD #4866127)
Lake Worth, Florida
(September 9, 2019)
FINRA Case #2017052702701

Jesse Adam Rangel (CRD #6746055)
Bluffton, South Carolina
(September 30, 2019)
FINRA Case #2019062264301

Gregory Alan Ricker (CRD #1834893)
Fort Lauderdale, Florida
(September 13, 2019)
FINRA Case #2019062084001

Steven James Thrush (CRD #865485)
Tucson, Arizona
(September 30, 2019)
FINRA Case #2019061810401

Robert Eugene Washington (CRD #6816915)
Duluth, Georgia
(September 30, 2019)
FINRA Case #2019063173001

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

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

Richard King Ainsworth (CRD #4732660)
Fairview, Texas
(January 24, 2014 – September 5, 2019)
FINRA Arbitration Case #12-02077

Charles Thomas Campbell III (CRD #3083880)
Washington, D.C.
(December 6, 2005 – September 13, 2019)
FINRA Arbitration Case #04-04076

Nancy Elaine De Leeuw (CRD #6326061)
Kamuela, Hawaii
(September 10, 2019)
FINRA Arbitration Case #18-03277

Perry De Leeuw (CRD #4792703)
Kamuela, Hawaii
(September 11, 2019)
FINRA Arbitration Case #18-03277

Brian Keith Decker (CRD #4565524)
Staten Island, New York
(September 18, 2019)
FINRA Arbitration Case #15-00802

Johnnie Melvin Jones (CRD #2705042)
Bridgeport, Connecticut
(September 25, 2019 – October 4, 2019)
FINRA Arbitration Case #17-00226

Bernardo Misseri (CRD #2713297)
Staten Island, New York
(September 16, 2019)
FINRA Arbitration Case #15-00802

Thomas Cameron Oakes (CRD #1354152)
Montague, Michigan
(September 5, 2019)
FINRA Arbitration Case #18-02945

Michael Lawrence Oromaner (CRD #2857559)
Huntington, New York
(September 12, 2019)
FINRA Arbitration Case #18-02744

Steven Pagartanis (CRD #1958879)
Setauket, New York
(September 13, 2019)
FINRA Arbitration Case #18-01353

Matthew Angelo Siliato (CRD #5062153)
Staten Island, New York
(September 3, 2019)
FINRA Arbitration Case #18-04311

Andrew Caputo Spaventa (CRD #6175466)
Holbrook, New York
(September 6, 2019)
FINRA Arbitration Case #18-01055

James Crosby Taylor (CRD #1632434)
Birmingham, Alabama
(September 11, 2018 – September 3, 2019)
FINRA Arbitration Case #16-01328

Press Release

FINRA Fines J.P. Morgan Securities LLC, \$1.1 Million for Failing to Timely Disclose 89 Allegations of Misconduct over a Six-Year Period

Prevented Numerous Regulatory Investigations; Prevented Other Member Firms and Public from Learning About Allegations Including Misappropriation of Funds

FINRA announced it has censured and fined [J.P. Morgan Securities LLC](#) (JPMS) \$1.1 million for failing to timely disclose 89 internal reviews or allegations of misconduct by its registered representatives and associated persons spanning a six-year period. FINRA also required an undertaking by the firm to certify within 60 days that it has taken appropriate corrective measures.

Broker-dealers are required to file with FINRA a Uniform Termination Notice for Securities Industry Registration (Form U5) within 30 days of terminating a registered representative's association and to file an amendment with FINRA within 30 days of learning that anything previously disclosed on the Form U5 is inaccurate or incomplete. Firms must disclose, among other information, allegations involving fraud, wrongful taking of property, or violations of investment-related statutes, regulations, rules or industry standards of conduct. FINRA uses this information to help identify and investigate potential misconduct, and sanction individuals as appropriate. State securities regulators and other regulators use the information to make informed regulatory and licensing decisions. Member firms use this information to make informed hiring decisions, and investors use this information—displayed through FINRA's BrokerCheck—when considering whether to do business with a registered or formerly registered person.

FINRA found that from January 2012 to April 2018, JPMS failed to disclose, or timely disclose, 89 internal reviews or allegations of misconduct by its registered representatives and associated persons, including misappropriation of customer and company funds, borrowing from customers, forgery or falsification or alteration of documents, unauthorized trading, making unsuitable recommendations, structuring and other suspicious activity. When JPMS eventually filed the required information with FINRA, it was, on average, more than two years late. This prevented or delayed FINRA, other regulators, member firms, and the public from learning about the allegations. JPMS' delays prevented FINRA from pursuing potential disciplinary action against 30 former JPMS representatives over whom FINRA's jurisdiction expired before JPMS disclosed the allegations. These failures resulted primarily from the firm's failure to establish and maintain reasonably designed written supervisory procedures and supervisory systems to identify all instances when Form U5 disclosures were necessary.

Susan Schroeder, Executive Vice President of FINRA's Department of Enforcement, said, "FINRA member firms have a responsibility to their fellow member firms, to FINRA and other regulators, and to the investing public to disclose allegations of serious misconduct by their registered representatives. Firms must live up to their responsibility as a gatekeeper and disclose allegations in a timely, accurate and complete manner. This disclosure responsibility is essential to providing transparency and maintaining the integrity of our industry."

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