

# Disciplinary and Other FINRA Actions

## Firms Fined

### **Network 1 Financial Securities Inc. ([CRD #13577](#), Red Bank, New Jersey)**

August 2, 2022 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$15,000, and required to implement policies, systems and procedures, including written supervisory procedures (WSPs), and training reasonably designed to achieve compliance with the requirements of FINRA Rule 5110. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to file certain documents in a timely manner or, in other instances, failed to file the documents altogether. The findings stated that the firm participated in public offerings that were subject to FINRA Rule 5110, filed documents with the U.S. Securities and Exchange Commission (SEC) with respect to the public offerings, and failed to file those same documents with FINRA. To date, these documents have not been filed with FINRA. In addition, the firm participated in public offerings that were subject to Rule 5110 and failed to timely file certain documents with FINRA within one day after it had filed such documents with the SEC. The documents at issue were filed between one day to 83 days late. ([FINRA Case #2018059551601](#))

### **Morgan Stanley & Co. LLC ([CRD #8209](#), New York, New York)**

August 3, 2022 – An AWC was issued in which the firm was censured and fined \$325,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published equity research reports that included price charts with inaccurate historical stock ratings. The findings stated that the firm used a software program that contained a typographical error that caused the price charts in certain research reports to display stock ratings from five years prior to the report, but inaccurately labeled those ratings as being from three years prior to the report. Once the firm identified the issue, it continued to publish research reports containing inaccurate historical stock ratings until the issue was resolved. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the disclosure requirements for historical stock ratings. Although the ratings inaccuracies arose from an error in the price chart software, they ultimately resulted in inaccurate disclosures in published research reports because the firm had no policy or procedure to enable it to reasonably determine that the historical stock ratings in its research reports were accurate. The findings also included that the firm failed to accurately disclose required beneficial ownership information in research reports. The firm acquired an investment management company, which increased the firm's overall holdings of many equity securities and thus

## Reported for October 2022

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).

### Search for FINRA Disciplinary Actions

All formal disciplinary actions are made available through a publicly accessible online search tool called FINRA Disciplinary Actions Online shortly after they are finalized.

Visit [www.finra.org/disciplinaryactions](http://www.finra.org/disciplinaryactions) to search for cases using key words or phrases, specified date ranges or other criteria.

changed the beneficial ownership disclosures the firm was required to include in its research reports. The firm updated its beneficial ownership feed to include the investment management company securities holdings, however, the firm's system rejected the updated feed as potentially erroneous, which resulted in the investment management company's holdings being excluded from the feed used to report the firm's beneficial ownership on research reports. Although the firm's system was designed to notify firm personnel when it rejected a data feed, the system failed to send such notification in this instance due to a software error. The firm identified the issue during its monthly surveillance review of research disclosures and resolved the issue shortly thereafter. As a result of this issue, the firm failed to accurately disclose beneficial ownership information in research reports. Affected reports failed to disclose that the firm or its affiliates held a beneficial ownership stake of one percent or more or erroneously disclosed a beneficial ownership stake of one percent or more where none existed. ([FINRA Case #2020067484501](#))

**J.P. Morgan Securities LLC (CRD #79, New York, New York)**

August 4, 2022 – An AWC was issued in which the firm was censured and fined \$200,000. 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 registered representative who engaged in unsuitable recommendations of structured notes and unauthorized trading in a senior customer's account, who also was the representative's grandmother, and failed to take reasonable action to investigate and address the representative's misconduct, despite the presence of red flags. The findings stated that the representative's supervisor identified that the customer's account had a large position in structured notes and called the customer to confirm basic aspects of her investor profile. However, the supervisor did not explain to the customer that her account was concentrated in structured notes or ascertain whether she understood the features and risks of structured notes. In addition, the representative submitted, and firm supervisors reviewed and approved, suitability forms that indicated the customer's concentration in structured products rose from 14 percent of her liquid net worth to 43 percent within two months. Despite this concentration exceeding the firm's 15 percent guideline, the firm did not contact the customer or otherwise discuss her understanding of the risks of the concentrated position in structured notes. The representative later falsely updated the customer's liquid net worth from \$100 million to \$155 million in an attempt to avoid further scrutiny of the customer's account. The firm mailed the customer written confirmation of the changes made to her liquid net worth; however, the firm did not call the customer, investigate the significant addition to her liquid net worth, or consider why the increase occurred after the firm began to question the representative about the customer's structured product holdings. Subsequently, the firm imposed certain limitations on the purchase of structured products in the customer's account. The firm also restricted the representative

from purchasing additional structured notes altogether but did not place him under any heightened supervision. Overall, the representative purchased more than \$108 million in securities, \$77 million of which were structured notes, before the firm restricted note purchases. However, the firm failed to reasonably address the account's trading in structured products and the resulting concentration level. As a result, the structured notes in the customer's account had realized losses of \$5.5 million. The findings also stated that the firm failed to reasonably investigate the representative's unauthorized and unsuitable trading. The representative placed unauthorized transactions, including forging the customer's signature to facilitate a \$5 million unauthorized investment in a private equity fund. The firm received a complaint from the customer who alleged that certain transactions in her account were unauthorized. Although the firm opened an investigation, it did not restrict the customer's account until a month after receiving the complaint. In addition, after receiving the complaint, a \$582,849 wire representing the customer's first payment toward the unauthorized private equity fund investment was made from her account. Although the firm was aware of the customer's complaint, the firm did not discuss the wire with the customer until after it was sent. The firm subsequently caused the funds to be returned to the customer several weeks later. An arbitration panel has since ordered the firm to pay a total of \$9 million to the customer. ([FINRA Case #2019063430402](#))

**SG Americas Securities, LLC (CRD #128351, New York, New York)**

August 10, 2022 – An AWC was issued in which the firm was censured and fined \$325,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report and inaccurately reported over-the-counter (OTC) options positions to the large options positions reporting system (LOPR). The findings stated that while updating its OTC LOPR, the firm identified that it had only been reporting positions that originated from its U.S.-based activity. The firm had not been reporting instances in which a U.S. customer traded with the firm's foreign affiliate because its LOPR reporting logic had filtered out, and thus not reported, activity from its non-U.S. affiliate. However, the firm was required to report those positions. The firm's LOPR also did not recognize that certain customers' accounts were under common control. As a result, the firm failed to report to the LOPR account groups as acting in-concert and reported positions with an incorrect acting-in-concert number. In addition, the firm's failure to properly aggregate these account groups led to a failure to report positions. Furthermore, the firm reported OTC options positions to the LOPR without the customers' tax identification number or tax type. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to comply with its LOPR reporting obligations. The firm's supervisory system related to LOPR reporting did not provide for, and the firm did not conduct, a review of its LOPR reporting logic to determine whether its system captured all reportable positions, including those

transactions between U.S. customers and a foreign affiliate of the firm that the firm incorrectly excluded from its LOPR reports. Later, the firm removed the filter that prevented it from including reportable positions involving foreign affiliates and also implemented additional controls and reviews designed to identify potential issues with its LOPR reporting. In addition, the firm's supervisory system for detecting accounts that were acting in-concert was too restrictive to be effective, because it only linked its acting-in-concert accounts that shared an internal legal entity number or were identified in the system as having the same fund manager. The firm has since implemented changes to its system to more precisely identify accounts required to be designated as acting-in-concert. ([FINRA Case #2019063480501](#))

**LPL Financial LLC ([CRD #6413](#), Fort Mill, South Carolina)**

August 11, 2022 – An AWC was issued in which the firm was censured, fined \$300,000, and required to implement supervisory systems and WSPs reasonably designed to achieve compliance with the customer reserve requirements of Rule 15c3-3 of the Securities Exchange Act of 1934 (Exchange Act). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately calculate its customer reserve requirement and failed to maintain a sufficient customer reserve. The findings stated that the firm's customer reserve calculations excluded customer checks that the firm had received but not yet processed for deposit. As a result, the firm failed to make sufficient deposits in its customer reserve account causing two hindsight deficiencies that totaled approximately \$162 million. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with the Exchange Act and FINRA rules concerning the customer reserve requirement. The firm's written procedures were not reasonably designed to ensure that undeposited customer checks would be included in the firm's customer reserve calculations. The procedures failed to specify how to handle customer checks that had been received but had not yet been processed for deposit. They also lacked any information about the requirement to include undeposited customer checks in the reserve calculation on the date the checks are received. In addition, the firm's supervision of its employees' handling of undeposited customer checks was unreasonably designed to exclude undeposited customer checks from its customer reserve calculation on the date the checks were received. The business unit within the firm that received and processed customer checks prepared a daily report that the firm used to calculate its customer reserve requirement, however, that report did not include customer checks that the firm had received but not yet processed for deposit. The firm did not take any other steps to ensure that those checks were included in the customer reserve calculation on the date they were received. After the firm discovered the hindsight deficiencies, it commenced steps to revise its relevant supervisory procedures. The findings also included that the firm failed to maintain accurate books and records and filed inaccurate Financial and Operational Combined Uniform

Single (FOCUS) reports. The firm created and maintained inaccurate books and records concerning its customer reserve by improperly calculating its customer reserve requirements. In addition, the firm filed monthly FOCUS reports that did not accurately reflect the amount of the firm's customer reserve obligation. ([FINRA Case #2020068870301](#))

**Axiom Capital Management, Inc. (CRD #26580, New York, New York)**

August 15, 2022 – An AWC was issued in which the firm was censured, fined \$40,000, and ordered to pay disgorgement to FINRA in the amount of \$7,000, plus interest. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct reasonable ongoing due diligence of a private placement offering of debenture units issued by a Canadian start-up company. The findings stated that the firm learned that the United States Federal Trade Commission (FTC) had sued the company's founder for fraud in connection with a different company that he had previously founded. The firm also learned that the FTC had obtained a court order freezing the founder's assets as well as the assets of any companies he owned or controlled. At the start of the offering's selling period, the firm recognized the FTC's lawsuit against the founder to be a red flag given his role with the company. The firm discussed its concerns with the lead placement agent. After selling began, the FTC sought to freeze all of the company's assets and to hold the company's chief executive officer (CEO) in contempt for funneling the company's assets to the founder for his personal use. The firm was unaware of these developments during the three-month offering period because it unreasonably relied on the issuer to keep it apprised of developments in the lawsuit. Shortly after the end of the selling period, the court held the CEO in contempt and issued an order requiring the company to transfer \$1.205 million, a substantial portion of its assets, to a court-appointed receiver. Subsequently, the company failed to repay the investors in the offering when the debenture units matured. In connection with its due diligence, the firm did not request a written explanation of the FTC lawsuit from the issuer, did not take steps to verify oral representations regarding the lawsuit, did not review the lawsuit's public docket, did not follow up with additional questions, and took no steps to ensure that the lead placement agent was tracking developments in the lawsuit. By failing to conduct reasonable ongoing due diligence in connection with the FTC lawsuit, an acknowledged red flag, the firm failed to timely learn of material developments in the FTC lawsuit and thus did not have a reasonable understanding of the potential risks of the offering. As such, the firm lacked a reasonable basis to continue to recommend the offering to customers. The findings also stated that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure that it conducted reasonable ongoing due diligence during the entire offering period. The firm did not establish and implement a formal process for conducting its ongoing due diligence and its WSPs did not address continued monitoring of identified red

flags as part of the firm's ongoing due diligence. The findings also included that the firm failed to timely file the private placement offering documents with FINRA. Neither the firm nor the lead placement agent filed the offering documents with FINRA until over four months after the first sale of the offering, which was almost four months late. The firm did not take any steps to ensure or confirm that the lead placement agent timely submitted the offering materials to FINRA on the firm's behalf. The late filing took place after all the sales were closed. FINRA therefore was unable to review and make a timely determination regarding compliance with FINRA rules, such as due diligence obligations. ([FINRA Case #2019064535601](#))

**Morgan Stanley & Co. LLC ([CRD #8209](#), New York, New York)**

August 17, 2022 – An AWC was issued in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the short sale indicator for transactions in National Market System (NMS) securities. The findings stated that a programming error caused the firm to exclude the short sale indicator when reporting short sale transactions to the New York Stock Exchange (NYSE) Trade Reporting Facility (TRF). The firm learned of the issue in connection with FINRA's cycle exam and subsequently corrected the programming error. The findings also stated that the firm failed to report the short sale indicator for transactions in OTC equity securities. A similar programming error caused the firm to erroneously exclude the short sale indicator when reporting short sale transactions to the OTC TRF. The programming error has since been corrected. The findings also included that the firm failed to reasonably supervise trade reporting to the NYSE and OTC TRFs. The firm conducted supervisory reviews of equity trade reporting, but they were not reasonably designed to achieve compliance with FINRA rules with respect to short sale indicator reporting to the NYSE and OTC TRFs. When the firm began reporting to the NYSE and OTC TRF, it reviewed certain test trades, but those reviews did not detect the absence of the short sale indicator. The firm did not conduct any subsequent reviews to determine if the firm was reporting the accurate short sale indicator to the NYSE and OTC TRFs. ([FINRA Case #2019061500001](#))

**Gar Wood Securities, LLC ([CRD #138033](#), Naperville, Illinois)**

August 18, 2022 – 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 comply with the locate requirement of Rule 203 of Regulation SHO of the Exchange Act. The findings stated that the firm inadvertently configured its delivery-versus-payment (DVP) client accounts to allow short sale orders entered into the firm's order management systems (OMS) to route for execution without obtaining locates. As a result, the firm failed to obtain locates for short sale orders. The findings also stated that the firm failed to accurately report the capacity symbol for trades. One of the firm's OMSs

was incorrectly coded to send a principal capacity symbol for client agency orders to the reporting party. As a result, the firm caused transactions to be reported to the FINRA TRF with the incorrect capacity. Subsequently, the firm switched all agency order routing to an OMS that was correctly coded to report the proper capacity symbol. The findings also included that the firm failed to reasonably supervise for compliance with locate and trade reporting requirements. The firm's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with Rule 203(b) of Regulation SHO. The firm's supervisory system required that a review for locate information be performed but it inadvertently failed to include a locate review for short sale orders in the firm's DVP accounts. Further, the firm conducted a locates supervisory review for custodial accounts, but it incorrectly excluded short sales orders that were accepted for execution but did not execute. In addition, the firm lacked a review to confirm all required trade information, such as capacity, was accurately reported to the FINRA TRF. ([FINRA Case #2019061062701](#))

**Capital Investment Group, Inc. ([CRD #14752](#), Raleigh, North Carolina)**

August 22, 2022 – An AWC was issued in which the firm was censured, fined \$50,000 and ordered to pay \$64,800, plus interest, in partial restitution to customers. The amount of partial restitution being paid to customers is equal to the commissions that the firm received in connection with these customers' investments in two offerings related to an alternative asset management company. One customer will not receive partial restitution because they previously settled their claims related to an asset management company with the firm. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it negligently failed to tell investors material information concerning two offerings related to the asset management company. The findings stated that while the firm received emails from the asset management firm notifying it of delays and the asset management firm's stated intention to complete a forensic audit, the firm sold eight limited partnership interests in one of the offerings and one limited partnership interest in the other after that announcement. The principal value of those sales totaled \$860,000 and the firm received a total of \$68,800 in commissions from the sales. In connection with these sales, however, firm representatives did not inform the customers that the issuers had not timely filed their audited financial statements with the SEC or the reasons for the delay. The delay in filing audited financial statements and the reasons for it was material information that should have been disclosed. ([FINRA Case #2019061213101](#))

**ViewTrade Securities, Inc. ([CRD #46987](#), Boca Raton, Florida)**

August 23, 2022 – An AWC was issued in which the firm was censured, fined \$250,000, and required to review and revise, as may be needed, its policies, procedures, and internal controls relating to its anti-money laundering (AML) surveillance, investigations, and reporting, Initial Public Offering (IPO) process, and risk management controls and supervisory procedures related to its market

access business. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement a written AML program reasonably expected to detect and cause the reporting of suspicious transactions. The findings stated that the firm's written AML procedures assigned the responsibility for surveillance of potentially suspicious transactions to a designated principal and referenced the use of a daily transaction report, but it had no written procedures regarding the use of the report. The firm did not have written procedures designating who was responsible for conducting the reviews of its surveillance system and reports generated from the system, their respective duties, what reports they would review, the factors they would consider when reviewing surveillance reports, how to document such reviews, when and how reviewing personnel would escalate an issue, or when and how the compliance and operations departments should share information from their reviews. In addition, many of the firm's surveillance reports were not reasonably designed to detect suspicious or potentially manipulative transactions. The firm also lacked reasonable written AML procedures to detect and monitor for related customer accounts. The firm relied on customers to notify it that accounts were related and should be linked and had no system in place to monitor for red flags of purportedly unrelated customers using similar or near-identical email or mailing addresses. In addition, the firm accepted and routed customer orders in options but did not have a reasonable system or any surveillance or other tools to detect and report suspicious or potentially manipulative activity specific to options transactions. Furthermore, the firm did not develop and implement a reasonable system to review, identify, and report patterns of suspicious trading. Reviewers relied on their memory to recall if the same customers or securities appeared in multiple exceptions for two or more days and to review customer trades for anomalous trading patterns. The firm's procedures also provided no guidance for documenting its analysis and investigation of suspicious activity and the firm did not document the findings of its investigations. The findings also stated that the firm failed to timely or reasonably detect, investigate, and respond to red flags of suspicious activities by retail customers, including in IPOs where the firm served as an underwriter. The firm conducted no review to compare customer trading activity or indications of interest to financial information on customer account forms. Multiple investors presented red flags of potential coordinated trading, but the firm failed to detect or perform any AML investigation of these transactions. The firm also failed to detect, investigate, and respond to suspicious movements of money for customers. The findings also included that the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the risks of its market access business. The firm's written procedures did not describe the firm's processes to review, escalate, and resolve surveillance exceptions generated for potentially manipulative activity, and its process for generating and reviewing surveillance exceptions was not reasonably designed to identify various forms of suspicious or potentially manipulative trading. ([FINRA Case #2018058605501](#))



**Katalyst Securities LLC ([CRD #112494](#), New York, New York)**

August 24, 2022 – An AWC was issued in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business on six days while it failed to maintain the minimum required net capital. The findings stated that the firm failed to record its financial entries in a timely manner, monitor its net capital position on a day-to-day basis, and set aside adequate funds should the need arise to make an immediate capital contribution. The firm failed to timely and accurately account for payments of unusually large invoices, as well as amounts due to representatives derived from private offering sales, when evaluating its net capital status. These failures caused the firm's net capital to fall below the required minimum, with daily deficiencies ranging between \$4,280 and \$100,999. ([FINRA Case #2020065125101](#))

**Kovack Securities Inc. ([CRD #44848](#), Fort Lauderdale, Florida)**

August 24, 2022 – An AWC was issued in which the firm was censured, fined \$210,000, and required to establish and implement supervisory systems and procedures reasonably designed to address and remediate the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA Rule 2111 (the suitability rule) as it pertains to short-term trading of mutual fund class A shares. The findings stated that the firm relied primarily on one person to conduct daily, manual reviews of trading activity in the accounts for all its registered representatives, which at the time numbered over 300. Such daily reviews were not reasonably designed to identify short-term mutual fund switches, which had purchases and sales months apart. The firm did not provide the trade reviewer with support staff to assist with manual trade reviews or automated exception reports that could assist with a review for mutual fund switches. In addition, the firm did not respond reasonably to red flags of unsuitable mutual fund trading in one of its registered representative's customers' accounts. First, the representative's Uniform Termination Notice for Securities Industry Registration (Form U5) from his prior firm – which indicated that he had been terminated while under review for short term mutual fund trading – was a red flag that he represented heightened risk for unsuitable mutual fund switching. However, the firm did not impose any heightened supervision of the representative or the trading activity in his customers' accounts. In addition, the trade reviewer identified a short-term trade of A share mutual funds in a senior customer's account serviced by the representative. The firm cancelled the trade, but it did not review the representative's trading activity or take additional action to address the issue. As a result, additional unsuitable switches by the representative occurred causing customers to incur unnecessary sales charges. The firm has voluntarily made restitution to the affected customers. ([FINRA Case #2018060177801](#))

**Lampert Capital Markets Inc. ([CRD #103725](#), New York, New York)**

August 29, 2022 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while under its required minimum net capital by including non-allowable assets in its computation of net capital. The findings stated that the firm misclassified certain payment for order flow fees receivables, ranging between approximately \$6,000 and \$48,200, as allowable assets in its net capital computations, resulting in the firm overstating its net capital and excess net capital. The firm classified approximately \$48,200 in non-allowable payment for order flow fees receivables as allowable assets. Subsequently, the firm operated a securities business while its net capital was approximately \$88,500, resulting in a net capital deficiency of approximately \$11,500. The findings also stated that the firm failed to make and keep accurate books and records. As a consequence of misclassifying payment for order flow fees receivables as allowable assets, the firm overstated its allowable receivables, and overstated its net capital and excess net capital on six month-end FOCUS reports. The findings also included that the firm failed to file required notices. When its net capital was below its minimum requirement, the firm did not file a notice with FINRA or the SEC. In addition, the firm's net capital fell below 120 percent of its required minimum net capital, but the firm did not file the required notices. ([FINRA Case #2019061158901](#))

**Robert W. Baird & Co. Incorporated ([CRD #8158](#), Milwaukee, Wisconsin)**

August 31, 2022 – An AWC was issued in which the firm was censured, fined \$150,000 and ordered to pay \$266,481, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it used a published commission schedule that charged commissions on low-principal transactions that were not fair and reasonable. The findings stated that for all equity transactions, the firm imposed a minimum commission of \$100, in addition to a handling fee. As a result of the minimum commission, the firm charged at least \$266,481 in unfair commissions of transactions on behalf of customers. The commissions charged ranged from over five percent to 93 percent of the transactions' principal value. The findings also stated that the firm's supervisory system was unreasonable because in establishing its commission schedule and in setting commissions on transactions, the firm did not appropriately consider the factors set forth in FINRA Rule 2121.01 for transactions when the minimum \$100 commission was imposed. While the firm generally flagged transactions where customers were charged over five percent of principal and reviewed those transactions for excessive commissions, its supervisory system did not flag for review transactions when the firm charged the minimum \$100 commission. ([FINRA Case #2020065107401](#))

## Individuals Barred

### **Timothy Jay Fazzone ([CRD #1610976](#), Dublin, Ohio)**

August 2, 2022 – An AWC was issued in which Fazzone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Fazzone consented to the sanction and to the entry of findings that he converted \$5,775 from a customer's estate by wrongfully obtaining reimbursement for a commission that he was not entitled to retain. The findings stated that the customer purchased a fixed annuity issued by the affiliate of Fazzone's member firm for which Fazzone earned a \$5,775 commission on the sale. Subsequently, the customer died and Fazzone submitted a claim against the customer's estate seeking reimbursement for the commission that he represented had been reversed by his firm. To support his claim, Fazzone presented a document purportedly prepared and signed by the customer instructing the estate to reimburse Fazzone for any commissions reversed due to her death. Based on Fazzone's claim, the customer's estate paid him. However, the firm did not reverse or charge back the commission at any time. ([FINRA Case #2019064698601](#))

### **Ernest Grey Frerking ([CRD #2588177](#), Austin, Texas)**

August 2, 2022 – An AWC was issued in which Frerking was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Frerking consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA. The findings stated that this matter originated from a FINRA Rule 4530 filing by Frerking's member firm. ([FINRA Case #2020067267701](#))

### **Haleh Farshi Farshi ([CRD #4661462](#), Ashburn, Virginia)**

August 8, 2022 - An AWC was issued in which Farshi was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Farshi consented to the sanction and to the entry of findings that she refused to provide information and documents requested by FINRA in connection with its investigation into the circumstances giving rise to a Form U5 filed by her member firm that stated that it had terminated her after she informed the firm that she had pled guilty to a conspiracy to commit bank and wire fraud charge. ([FINRA Case #2022074527201](#))

### **Jolam Mendez ([CRD #7194083](#), Dallas, Georgia)**

August 9, 2022 – An AWC was issued in which Mendez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Mendez consented to the sanction and to the entry of findings that he converted funds from his member firm by submitting false timesheets and receiving compensation to which he was not entitled. The findings stated that Mendez

submitted the timesheets falsely claiming that he worked more than 620 hours of overtime processing loan applications for the firm's bank affiliate. As a result, the firm paid Mendez approximately \$34,600 in overtime compensation. ([FINRA Case #2020068745101](#))

**Stephen Gregory Whitman ([CRD #2230369](#), Chesterfield, Missouri)**

August 9, 2022 – An Office of Hearing Officers (OHO) decision became final in which Whitman was barred from association with any FINRA member in all capacities. The sanction was based on findings that Whitman failed to comply with FINRA's requests for information and documents during its investigation into whether he accepted a loan from a customer without disclosing it to his member firm. The findings stated that a Form U5 submitted by Whitman's firm stated that it discharged him following a customer complaint alleging he took a loan from the customer. The customer later clarified that he provided the money to Whitman for a private investment away from the firm and was only paid a small percentage back. ([FINRA Case #2021071227301](#))

**Annetta Marie Box ([CRD #6475567](#), Plano, Texas)**

August 11, 2022 – An AWC was issued in which Box was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Box consented to the sanction and to the entry of findings that she refused to provide information and documents requested by FINRA in connection with its investigation about her outside business activities (OBAs). The findings stated that Box provided a partial but incomplete response to FINRA's request. The information and documents Box failed to provide were material to FINRA's investigation. ([FINRA Case #2022075235601](#))

**Patrick Allen English ([CRD #5189025](#), Peoria, Arizona)**

August 12, 2022 – An AWC was issued in which English was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, English 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 during the course of an investigation based upon allegations in a Form U5 filed by his member firm that disclosed that it had permitted him to resign because he used text messages to exchange trading directions in violation of firm policies and procedures, improperly exercised discretion in client accounts, and reported to the clients that certain unplaced trades had been executed. Although English initially cooperated with FINRA's investigation by providing documents and information, he later ceased doing so. ([FINRA Case #2022075677601](#))

**Bradley Stephen Kavanagh (CRD #5784000, Baton Rouge, Louisiana)**

August 12, 2022 – An AWC was issued in which Kavanagh was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kavanagh consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA in connection with its investigation into the circumstances giving rise to a Form U5 filed by his member firm. The findings stated that the Form U5 disclosed that the firm had terminated Kavanagh for violating its policies regarding his unapproved use of text messaging and for soliciting equity transactions without a General Securities Representative (Series 7) license. ([FINRA Case #2022074637901](#))

**Jeffrey Daniel Basford (CRD #5077566, Shelton, Connecticut)**

August 15, 2022 – An AWC was issued in which Basford was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Basford consented to the sanction and to the entry of findings that he declined to appear for on-the-record testimony requested by FINRA during the course of its investigation into his potential unsuitable sales of proprietary energy products to customers at his member firm. ([FINRA Case #2019063686202](#))

**Francis Joseph Velten Jr. (CRD #2291911, Treasure Island, Florida)**

August 16, 2022 – An OHO decision became final in which Velten was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Velten failed to produce information and documents requested by FINRA in connection with its investigation into an allegation that he had churned and flipped customer accounts by encouraging his elderly customers to surrender their annuities, sell their mutual funds, and invest the proceeds into bonus annuities. The findings stated that FINRA needed the information it requested from Velten to perform its regulatory function and fully investigate potential misconduct. FINRA investigated allegations that Velten had improperly traded for elderly customers away from his firm, causing his customers to incur significant, unnecessary surrender charges so that he could generate sales commissions. Velten's failure to respond to regulatory requests deprived FINRA of this information and documents and frustrated its ability to fulfill its regulatory responsibilities. ([FINRA Case #2020066032801](#))

**James William Dunn (CRD #6084258, Gaithersburg, Maryland)**

August 17, 2022 – An AWC was issued in which Dunn was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dunn consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA in connection with its review of a Form U5 filed by his member firm disclosing that he had

voluntarily resigned while under review for potential violation of company policy related to suitability, unauthorized trades and texting with clients. ([FINRA Case #2021073167701](#))

**Corrie Ann Mitchell ([CRD #7221410](#), Aledo, Texas)**

August 17, 2022 – An AWC was issued in which Mitchell was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Mitchell consented to the sanction and to the entry of findings that she refused to provide information and documents requested by FINRA in connection with its investigation about her OBAs. ([FINRA Case #2022075235602](#))

**Gregory Scott Hanshew ([CRD #2624600](#), Littleton, Colorado)**

August 22, 2022 – An OHO decision became final in which Hanshew was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Hanshew failed to fully and timely provide information and documents requested by FINRA in connection with its investigation into whether he engaged in various sales practice violations involving senior investors and failed to disclose OBAs, judgments, and liens, while he was associated with his member firm. The findings stated that although Hanshew provided some of the information and documents requested by FINRA, he failed to provide an extensive amount of the requested information and documents. The information sought, and not provided, was material to FINRA's investigation and necessary to complete its regulatory mandate to fully investigate potential rule violations and to protect the investing public. ([FINRA Case #2021071060902](#))

**Louis Ottimo ([CRD #2606438](#), Syosset, New York)**

August 22, 2022 – An SEC decision became final in which Ottimo was barred from association with any FINRA member in all capacities. The SEC affirmed the sanctions imposed by the National Adjudicatory Counsel (NAC). The bar was based on findings that Ottimo fraudulently omitted material information from his biography in a private placement memorandum, in violation of Exchange Act Section 10(b), Exchange Act Rule 10b-5, and FINRA Rules 2020 and 2010. In an earlier decision, the SEC sustained FINRA's findings that Ottimo recklessly omitted adverse information about his management of a private jet charter company he co-founded and served as CEO, and also sustained findings that he willfully failed to timely and accurately disclose several unsatisfied tax liens, civil judgments, and a bankruptcy on his Uniform Application for Securities Industry Registration or Transfer (Form U4). The SEC, however, set aside FINRA's findings that Ottimo's omissions of negative information regarding another company he previously owned constituted fraud and remanded the case to FINRA to reconsider the sanctions. On remand, the NAC determined that barring Ottimo in all capacities remained appropriate given his serious misconduct. The SEC affirmed the NAC's decision, finding that numerous

aggravating factors, and no mitigating ones, supported imposing the bar and concluding that barring Ottimo was neither excessive nor oppressive but instead, served a remedial purpose. ([FINRA Case #2009017440201](#))

**Doug Marshall McKelvey ([CRD #4502849](#), Southlake, Texas)**

August 26, 2022 – An AWC was issued in which McKelvey was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McKelvey consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA in connection with a matter that originated from a Form U5 filed by his member firm. The findings stated that the Form U5 disclosed that McKelvey had been discharged because of concerns regarding his unauthorized activity and misappropriation of client funds from client accounts, which were held by his relatives. ([FINRA Case #2022074899601](#))

## Individuals Suspended

**Mark Laurence Guarino III ([CRD #1307977](#), Aberdeen, New Jersey)**

August 2, 2022 – An AWC was issued in which Guarino was fined \$2,500 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Guarino consented to the sanctions and to the entry of findings that he made negligent misrepresentations in an application for a loan under the Paycheck Protection Program (PPP) which was administered by the U.S. Small Business Administration (SBA). The findings stated that Guarino provided information through an approved third-party lender's website to assess whether he was eligible for a PPP loan. Among the information that Guarino sent to the lender was information pertaining to the securities business he conducted. The lender sent Guarino a PPP loan application, which the lender had completed based on information Guarino provided. The application inaccurately stated that Guarino was a self-employed individual who operated a business that had one employee for whom it paid salary and payroll taxes. In fact, Guarino was not self-employed, did not operate any business, and did not pay any salary or payroll taxes for any employee. Guarino signed the application and submitted it to the lender. Before submitting it to the lender, Guarino failed to review the application or recognize that it was inaccurate. Based on the misrepresentations in the application, the lender approved Guarino's application. Guarino also signed a loan agreement with the SBA, affirming that the representations made in his loan application were correct, even though the application contained inaccurate information. Subsequently, the SBA provided Guarino with a \$20,833 loan. Guarino has since repaid this loan in full.

The suspension was in effect from September 6, 2022, through October 5, 2022. ([FINRA Case #2020068770301](#))

**David John Wilkie (CRD #467130, Mendota Heights, Minnesota)**

August 2, 2022 – An AWC was issued in which Wilkie was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Wilkie consented to the sanctions and to the entry of findings that he circumvented his member firm’s policies requiring disclosure and approval of his beneficiary status on a customer’s life insurance policy. The findings stated that Wilkie entered into an agreement with an insurance customer to pay 60 percent of the premiums on the customer’s life insurance policy in exchange for the same percentage of the death benefit. The customer subsequently named Wilkie as a beneficiary on the policy, and Wilkie paid the premiums as agreed. Wilkie nonetheless failed to disclose his beneficiary status to the firm and denied on the firm’s annual compliance questionnaire that he had been named as a beneficiary on a customer’s insurance policy. In order to further conceal his activity, Wilkie caused the customer to change the beneficiary from Wilkie to Wilkie’s son. Although Wilkie was removed as a beneficiary on the policy, the customer, Wilkie, and his son, agreed that Wilkie would still receive the death benefit. Upon the customer’s death, the insurance company paid a \$125,000 death benefit to Wilkie’s son, who then transferred the funds to Wilkie.

The suspension is in effect from August 15, 2022, through February 14, 2023. ([FINRA Case #2021070774101](#))

**Robert Charles Mehlin Jr. (CRD #736694, Morris Township, New Jersey)**

August 3, 2022 – An AWC was issued in which Mehlin was fined \$7,500 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Mehlin consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without prior written authorization. The findings stated that Mehlin effected trades across the customers’ accounts without receiving same-day authorization. Although the customers approved Mehlin’s exercise of discretion, none of them provided written authorization for him to exercise discretion in their accounts. Nor did Mehlin’s member firm accept any of the accounts as discretionary and, in fact, it prohibited the exercise of discretion except in certain circumstances not applicable here. In addition, Mehlin inaccurately stated on annual compliance questionnaires that he did not exercise discretion in customer accounts, and improperly asked one of the customers to deny his use of discretion in any conversation with the firm. The findings also stated that Mehlin used an unapproved communication platform to conduct securities business. Mehlin used text messages to and from his private phone number to communicate with one of the customers in whose account he exercised discretion. The messages concerned securities business including, inter alia, discussions about investment choices, account performance, and completing firm forms. Because the text messages were not done through an



approved firm platform, they were not captured, supervised, or retained by the firm. In addition, Mehlin inaccurately stated in an annual compliance questionnaire that he did not use personal text messages to discuss securities business with customers.

The suspension is in effect from September 6, 2022, through December 5, 2022. ([FINRA Case #2019061691601](#))

**James Robert Pecoraro ([CRD #2440231](#), Huntington, New York)**

August 4, 2022 – An AWC was issued in which Pecoraro was fined \$10,000, suspended from association with any FINRA member in all capacities for nine months, and ordered to pay \$68,886, plus interest, in restitution to customers. Without admitting or denying the findings, Pecoraro consented to the sanctions and to the entry of findings that he excessively traded in customer accounts. The findings stated that Pecoraro recommended a pattern of high-cost and high-velocity trading in the customer accounts. Pecoraro frequently placed stop loss orders that operated to cause the liquidation of securities positions, after which he made new purchase recommendations. Pecoraro's customers routinely followed his recommendations and, as a result, he exercised de facto control over their accounts. Pecoraro's trading was excessive and unsuitable given the customers' investment profiles. As a result of Pecoraro's excessive trading, the customers suffered collective realized losses of \$166,018, while paying total trading costs of \$184,053, including commissions of \$165,437. A customer filed an arbitration claim against Pecoraro and his firm regarding the performance and suitability of the investments in his account and reached a monetary settlement to resolve his complaint.

The suspension is in effect from September 6, 2022, through June 5, 2023. ([FINRA Case #2017056820701](#))

**John Anthony Orlando ([CRD #2002197](#), Fort Lauderdale, Florida)**

August 5, 2022 – An Order Accepting Offer of Settlement was issued in which Orlando was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the allegations, Orlando consented to the sanctions and to the entry of findings that he caused his member firm to make and preserve inaccurate books and records by mischaracterizing solicited transactions in a customer's account as unsolicited when, in fact, Orlando solicited the customer to participate in each transaction.

The suspension was in effect from September 6, 2022, through September 19, 2022. ([FINRA Case #2019063633301](#))

**Manish Saini ([CRD #3266112](#), Dobbs Ferry, New York)**

August 9, 2022 – An AWC was issued in which Saini was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 60 days. Without admitting or denying the findings, Saini consented to the sanctions and to the entry of findings that he participated in a private securities transaction involving his purchase of \$500,000 in preferred shares of a privately held marketing company without his member firm’s knowledge or approval. The findings stated that Saini requested the firm’s approval to purchase the shares pursuant to investment terms he had previously negotiated with the company. However, later that same day, before receiving any approval from the firm and without informing the firm, Saini signed a stock purchase agreement and other documents regarding the investment. The next day, the firm, which was not aware that Saini had executed these documents, asked him various questions about his request for approval in an effort to determine whether to approve the transaction. In response, Saini withdrew his request for approval from the firm’s system and stated to the firm that he had not funded the investment. Nonetheless, two days later, without informing the firm or obtaining approval, Saini wired the funds for his investment to the company. In connection with an investigation the firm commenced, Saini claimed to the firm that he had not participated in the transaction, even though he was a preferred shareholder in the company at the time. Subsequently, Saini admitted to the firm that he had participated in the transaction after it requested additional information from him.

The suspension was in effect from August 15, 2022, through October 13, 2022. ([FINRA Case #2020068689301](#))

**Daniel William Stoakes Jr. ([CRD #4637800](#), Stanton, Iowa)**

August 9, 2022 – An AWC was issued in which Stoakes 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, Stoakes consented to the sanctions and to the entry of findings that he forged and/or falsified customer signatures by electronically signing customer names on forms associated with new accounts he was transferring to his new member firm from his prior employer. The findings stated that Stoakes electronically signed the names of the customers, a husband and wife, on a new account application and account transfer form. Stoakes also electronically signed the wife’s signature on a certification of trust form and a form to establish on demand transfers to the customers’ bank account. The customers did not authorize Stoakes to electronically sign their names and complained once they learned of the transfer, which was reversed. In addition, as part of transitioning other customers to his new firm, Stoakes electronically signed at least four customer names, with their permission, on forms associated with accounts transferred to the new firm. None of these other customers complained.

The suspension is in effect from August 15, 2022, through December 14, 2022.  
([FINRA Case #2020067598801](#))

**Phil Donahue (CRD #1206346, Panama City Beach, Florida)**

August 10, 2022 – An AWC was issued in which Donahue was fined \$2,500, suspended from association with any FINRA member in all capacities for 30 days, and required to attend and satisfactorily complete 10 hours of continuing education concerning FINRA's suitability rule. Restitution is not ordered against Donahue because the customers have settled an arbitration pertaining to his unsuitable recommendation. Without admitting or denying the findings, Donahue consented to the sanctions and to the entry of findings that he recommended that his customers invest an unsuitably high percentage of their account into a single energy-sector security. The findings stated that Donahue recommended that the customers, a retired couple in their sixties, invest 90 percent of their investments at his member firm into a single, non-diversified mutual fund. That recommendation was not consistent with the customers' investment profiles because the fund in question invested substantially all of its assets in companies in the energy sector and Donahue's recommendation therefore subjected the customers to substantial risk of loss. Four years after Donahue's initial recommendation, the mutual fund's value decreased by more than 50 percent. After transferring their accounts to a different broker-dealer, the customers sold their investments in the fund in question and realized a substantial loss.

The suspension was in effect from September 6, 2022, through October 5, 2022.  
([FINRA Case #2020068544901](#))

**Zachary Hansen (CRD #5553180, Parker, Colorado)**

August 11, 2022 – An AWC was issued in which Hansen was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Hansen consented to the sanctions and to the entry of findings that he caused his member firm to maintain incomplete books and records by communicating with firm customers about securities-related business through text messages, without the firm's authorization or approval. The findings stated that Hansen's text messages included communications related to securities recommendations, account performance and transactions, and market events. Hansen exchanged these text messages, using his personal cell phone, despite lacking authorization and approval to do so. Therefore, the firm did not retain these text messages.

The suspension was in effect from August 15, 2022, through September 28, 2022.  
([FINRA Case #2020067908701](#))

**Daniel T. Minich ([CRD #6465746](#), Bradford, Pennsylvania)**

August 12, 2022 – An Order Accepting Offer of Settlement was issued in which Minich 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 allegations, Minich consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling approximately \$200,000 without providing prior written notice to his member firm. The findings stated that Minich participated in a private securities transaction by purchasing limited partnership interests in a hedge fund that purported to invest in cryptocurrency for approximately \$50,000. The private securities transaction was made away from the firm and outside of the regular course or scope of his employment it. In addition, Minich participated in private securities transactions by facilitating two customers' separate purchases of limited partnership interests in the hedge fund for \$50,000 and \$100,000, respectively, away from the firm and outside of the regular course or scope of his employment with the firm. The findings also stated that Minich made false statements on a firm annual attestation by representing that he had not engaged in any private securities transactions other than those he had received preclearance for through the firm.

The suspension is in effect from August 15, 2022, through December 14, 2022. ([FINRA Case #2020066999801](#))

**Mark David Martino ([CRD #1010228](#), White Plains, New York)**

August 15, 2022 – An AWC was issued in which Martino was fined \$10,000, suspended from association with any FINRA member in all capacities for 20 business days, suspended from association with any FINRA member in any principal capacity for 20 business days, and ordered to pay disgorgement to FINRA in the amount of \$61,248, plus interest. The suspensions are to run consecutively. Without admitting or denying the findings, Martino consented to the sanctions and to the entry of findings that he failed to conduct reasonable ongoing due diligence for a private placement offering of debenture units issued by a Canadian start-up company. The findings stated that Martino learned that the FTC had sued the company's founder for fraud in connection with a different company that he had previously founded. Martino also learned that the FTC had obtained a court order freezing the founder's assets as well as the assets of any companies he owned or controlled. Before the start of the offering's selling period, Martino recognized the FTC's lawsuit against the founder to be a red flag given his role with the company. After selling began, the FTC sought to freeze all of the company's assets and to hold the company's CEO in contempt for funneling the company's assets to the founder for his personal use. Martino was unaware of these developments during the three-month offering period because he unreasonably relied on the issuer to keep him apprised of developments in the lawsuit, even though some prospective investors were reluctant to invest

due to concerns with the lawsuit and one investor demanded his money back after learning of the lawsuit. Shortly after the end of the selling period, the court held the CEO in contempt and issued an order requiring the company to transfer \$1.205 million, a substantial portion of its assets, to a court-appointed receiver. The company subsequently failed to repay the investors in the offering when the debenture units matured. Martino personally received \$61,248 in placement agent fees from sales of the offering subsequent to the developments in the FTC lawsuit. The findings also stated that Martino recommended the offering to his member firm's customers without a reasonable basis. Martino did not request a written explanation of the FTC lawsuit from the issuer, did not take steps to verify oral representations regarding developments in the lawsuit, did not review the lawsuit's public docket, and took no steps to otherwise track developments in the lawsuit. By failing to conduct reasonable ongoing due diligence of an acknowledged red flag, Martino failed to timely learn of material developments in the FTC lawsuit and thus did not have a reasonable understanding of the potential risks of the offering. As such, Martino lacked a reasonable basis to continue to recommend the offering to customers. The findings also included that Martino failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure that his firm conducted reasonable ongoing due diligence during the entire offering period. Martino was the firm's CEO, its representative who conducted the due diligence of this offering, and also its designated supervisor for diligence of all private placements. Given his roles, Martino was responsible for implementing the firm's supervisory system including as it related to private placements. However, Martino did not implement a reasonable process for conducting ongoing due diligence. While the firm's WSPs required it to review any red flags and not simply rely on representations by the issuer's management, the procedures did not specifically address continuing monitoring of identified red flags as part of the firm's ongoing due diligence. FINRA found that Martino caused his firm to fail to preserve required books and records by using text messaging applications on his personal cell phone to communicate with the company's founder, CEO, and prospective investors regarding the offering. Those communications, which concerned the firm's securities business, were not preserved by the firm.

The suspension in all capacities is in effect from September 19, 2022, through October 17, 2022. The suspension in any principal capacity will be in effect from October 18, 2022, through November 15, 2022. ([FINRA Case #2019064535602](#))

**Yan Binder ([CRD #2932226](#), Parkland, Florida)**

August 18, 2022 – An AWC was issued in which Binder was fined \$10,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Binder consented to the sanctions and to the entry of findings that he caused his member firm to maintain inaccurate books

and records by using unapproved channels to exchange numerous text messages with a customer about securities-related business. As a result, the firm did not preserve those communications.

The suspension is in effect from September 19, 2022, through October 18, 2022. ([FINRA Case #2019064955001](#))

**Bryon Edwin Martinsen (CRD #1621649, Kings Park, New York)**

August 19, 2022 – An AWC was issued in which Martinsen was fined \$10,000 and suspended from association with any FINRA member in all capacities for 15 months. Without admitting or denying the findings, Martinsen consented to the sanctions and to the entry of findings that he participated in private securities transactions with customers of his member firm by facilitating the sale of approximately \$1,100,000 in alternative investments without providing prior written notice to the firm. The findings stated that Martinsen participated in these transactions by introducing firm customers who wanted to sell their illiquid alternative investments to firm customers who wanted to buy alternative investments, or by Martinsen buying his customers' alternative investments himself. Martinsen recommended the sales prices for the transactions and assisted the customers with the documents needed to complete the transactions. Martinsen did not receive any commissions or other compensation for his participation in the private securities transactions. Martinsen's participation in the securities transactions was outside the regular course and scope of his employment with the firm. In addition, Martinsen falsely denied in firm annual compliance questionnaires that he had participated in the private securities transactions. The findings also stated that Martinsen shared in customer losses by making payments to certain firm customers, in single or in multiple related payments, totaling approximately \$400,000, to compensate them for losses in connection with securities investments that he had previously recommended. Martinsen made the payments to customers by checks from his personal and business bank accounts. Martinsen did not notify the firm about the payments, nor did he receive prior written authorization from the firm for any of the payments. Martinsen also falsely denied in annual firm compliance questionnaires that he had made payments to customers in connection with their investment losses.

The suspension is in effect from September 19, 2022, through December 18, 2023. ([FINRA Case #2018059212201](#))

**Efthimios George Petrou (CRD #2672840, Manorville, New York)**

August 19, 2022 – An AWC was issued in which Petrou was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for six months, and ordered to pay \$96,306.65, plus interest, in deferred restitution to a customer. Without admitting or denying the findings, Petrou consented to the sanctions and to the entry of findings that he excessively and unsuitably traded in a

retired customer's account. The findings stated that Petrou recommended that the customer place trades—all on margin—in his account, and the customer accepted his recommendations. Collectively, the trades that Petrou recommended caused the customer to pay \$88,348.13 in commissions and trade costs and another \$7,958.52 in margin interest for a total of \$96,306.65. This trading resulted in a cost-to-equity ratio of more than 86 percent, meaning the customer's investments had to grow by more than 86 percent just to break even. As a result of Petrou's unsuitable recommendations, the customer realized a loss of approximately \$17,000.

The suspension is in effect from September 6, 2022, through March 5, 2023. ([FINRA Case #2019060645001](#))

**Michael E. Witt (CRD #4206075, Lewisville, Texas)**

August 19, 2022 – An AWC was issued in which Witt was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Witt consented to the sanctions and to the entry of findings that he caused his member firm to maintain inaccurate books and records by changing the representative code for trades, causing the trade confirmations to show an inaccurate representative code. The findings stated that Witt entered into two separate agreements through which he agreed to service certain customer accounts, including executing trades for those accounts, under joint representative codes that he shared with two retired representatives. The agreements set forth what percentages of commissions Witt and the retired representatives would earn on trades placed using the joint representative codes. Many of the customers whose accounts were subject to the joint production agreements also had accounts that were not subject to the agreements. Although the firm's system correctly prepopulated the trades with the applicable joint representative codes, Witt entered the transactions at issue under his personal representative code. Witt negligently failed to verify whether the trade was made in an account that was subject to the joint production agreement. As a result, the firm's trade confirmations inaccurately reflected Witt's personal representative code instead of the joint representative codes that Witt shared with the retired representatives. Witt's actions resulted in his receiving higher commissions from the trades than what he was entitled to receive pursuant to the agreements. Subsequently, the firm reimbursed the retired representatives.

The suspension is in effect from September 19, 2022, through October 18, 2022. ([FINRA Case #2021069218401](#))

**Michael Scott Desando (CRD #1849321, Lake Grove, New York)**

August 22, 2022 – An AWC was issued in which Desando was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. This AWC does not require that Desando pay restitution because the

customer has settled an arbitration claim pertaining to his conduct. Without admitting or denying the findings, Desando consented to the sanctions and to the entry of findings that he excessively and unsuitably traded in the account of a customer, a sheriff's deputy with limited investment experience. The findings stated that the customer relied on Desando's advice and accepted his recommendations. These trades collectively caused the customer to pay approximately \$37,000 in commissions and other trading costs. Desando's recommended trades resulted in an annualized cost-to-equity ratio of 69 percent, meaning that the customer's account would have had to grow by 69 percent annually just to break even. As a result, Desando's recommended securities transactions made it virtually impossible for the customer to realize a positive return and were excessive and unsuitable given the customer's investment profile.

The suspension is in effect from September 19, 2022, through December 18, 2022. ([FINRA Case #2021072685301](#))

**Conrad Kenneth Branson ([CRD #2939162](#), Kentfield, California)**

August 23, 2022 – An AWC was issued in which Branson was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Branson consented to the sanctions and to the entry of findings that he effected unauthorized transactions in customer accounts held by the same family without their prior authorization, knowledge, or consent for the trades. The findings stated that Branson's member firm has compensated the family \$78,919 for losses resulting from the unauthorized transactions. The findings also stated that Branson exercised discretionary authority in some of the family's accounts without obtaining prior written authorization from the family and without having the accounts accepted as discretionary accounts by the firm. Branson also exercised discretionary authority in two other customers' accounts without obtaining prior written authorization from the customers and without having the accounts accepted as discretionary accounts by the firm.

The suspension is in effect from September 19, 2022, through November 2, 2022. ([FINRA Case #2020066687601](#))

**Temetria Blackburn ([CRD #5659467](#), O'Fallon, Illinois)**

August 25, 2022 – An AWC was issued in which Blackburn was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Blackburn consented to the sanctions and to the entry of findings that she made reckless misrepresentations in a loan application she submitted to the SBA to obtain an Economic Injury Disaster Loan (EIDL). The findings stated that prior to submitting her application, Blackburn did not review the loan program requirements to determine her eligibility, nor did she review any instructions concerning the application. In the loan application, Blackburn recklessly misrepresented that she was the owner of a



sole proprietorship that was eligible for the loan. Blackburn represented that her business had 11 employees and that it had earned \$20,000 in revenue in the year ending January 31, 2020. In fact, Blackburn, did not operate any sole proprietorship or any other business that was eligible for the loan. Based on Blackburn's misrepresentations, the SBA provided her with a \$10,000 loan advance. Blackburn did not complete a loan agreement. To date, Blackburn has not repaid the \$10,000 to the SBA.

The suspension is in effect from September 6, 2022, through March 5, 2023. ([FINRA Case #2020068471301](#))

**Simon Dude Granner ([CRD #5819063](#), Geneva, Illinois)**

August 29, 2022 – An AWC was issued in which Granner was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Granner consented to the sanctions and to the entry of findings that he failed to timely and fully disclose his OBA to his member firm. The findings stated that Granner formed a consulting services company without providing prior written notice to the firm. Granner was aware that the firm's WSPs required its associated persons to provide written notice and receive prior approval for all OBAs. When Granner belatedly sought his firm's approval of his OBA, he failed to fully disclose the nature of his business. Specifically, Granner failed to disclose that through this business he would provide financial sales coaching and training to firm-registered persons, activities he knew or should have known his firm would not approve because the firm prohibits third-party financial sales training and had denied his prior request for approval of substantially similar OBA. Nonetheless, Granner solicited firm-registered persons to become coaching clients of his consulting business, of which some became clients who paid Granner approximately \$28,000. In addition, Granner falsely attested in an annual compliance questionnaire that he had completely and accurately disclosed his OBAs to the firm.

The suspension is in effect from September 6, 2022, through December 5, 2022. ([FINRA Case #2020068358801](#))

**Ossama Mohamed Helal ([CRD #5282088](#), Columbus, Ohio)**

August 29, 2022 – An AWC was issued in which Helal was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Helal consented to the sanctions and to the entry of findings that he engaged in an unapproved OBA after his member firm denied permission to engage in the activity. The findings stated that Helal sought the firm's approval to engage in an OBA as a tax preparer and it informed Helal that his OBA would not be approved. Helal was aware of the firm's WSPs that required registered representatives to disclose and receive approval for all OBAs prior to engaging in the activity and that his request for

approval had been denied, but worked as a tax preparer earning approximately \$60,000 in compensation for five years. In addition, Helal made false statements to the firm regarding his OBA in quarterly compliance acknowledgements and annual compliance certifications.

The suspension is in effect from September 6, 2022, through December 5, 2022. ([FINRA Case #2021071880201](#))

**Christopher Stephen Perrillo ([CRD #4867894](#), Miami Beach, Florida)**

August 29, 2022 – An AWC was issued in which Perrillo was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Perrillo consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose four reportable financial events. The findings stated that Perrillo learned of, through correspondence from FINRA, two unsatisfied liens filed against him totaling \$9,525.11, however, he never amended his Form U4 to disclose these liens. In addition, Perrillo learned of a civil judgment that had been entered against him in the amount of \$355,014. The judgment remained outstanding against him until 21 months after Perrillo initially learned of it, however, he never amended his Form U4 to disclose this judgment. Moreover, Perrillo never amended his Form U4 to disclose that he had filed a bankruptcy petition.

The suspension is in effect from September 6, 2022, through December 5, 2022. ([FINRA Case #2019063382601](#))

**Kyle James Luebeck ([CRD #5931863](#), Apple Valley, Minnesota)**

August 30, 2022 – An AWC was issued in which Luebeck 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, Luebeck consented to the sanctions and to the entry of findings that he improperly removed non-public personal customer information from his member firm, without the firm's or the customers' knowledge or consent. The findings stated that in anticipation of joining another FINRA member firm, Luebeck sent emails containing the customers' non-public personal information from his firm email account to an outside email account that he controlled. Luebeck retained this information after the termination of his association with the firm during which time he was not entitled to possess the information. Among other things, the emails contained customers' dates of birth, social security numbers, investment account numbers, life insurance policy numbers, tax filings, and a driver's license number.

The suspension was in effect from September 19, 2022, through September 30, 2022. ([FINRA Case #2020066841402](#))

**Miguel Angel Murillo ([CRD #4875997](#), Trujillo Alto, Puerto Rico)**

August 31, 2022 – An AWC was issued in which Murillo was fined \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Murillo is not required to pay restitution because his member firm has agreed to pay as restitution the commissions and other trading costs charged to the customers as a result of his conduct. Without admitting or denying the findings, Murillo consented to the sanctions and to the entry of findings that he excessively and unsuitably traded customer accounts. The findings stated that each of the customers relied on Murillo's advice and accepted his recommendations. Those recommended transactions collectively caused the customers to pay \$101,508.10 in commissions and other charges.

The suspension is in effect from September 19, 2022, through May 18, 2023. ([FINRA Case #2020066887901](#))

## Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of August 31, 2022. 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 & Other Actions.

**Charles Scott Burford ([CRD #1658201](#), Dallas, Texas)**

August 1, 2022 – Burford appealed an OHO decision to the NAC. Burford was fined \$10,000 and suspended from associating with any FINRA member in all capacities for six months. The sanctions were based on the findings that Burford executed unauthorized trades in, and facilitated unauthorized withdrawals from, his deceased customer's account. The findings stated that Burford did not submit the customer's death certificate to his member firm until over 14 months after the customer's death. Prior to submitting the death certificate, Burford executed unauthorized trades and facilitated unauthorized withdrawals in the customer's individual brokerage account on instructions from the customer's widow. Burford did not submit the death certificate to the firm until it was necessary to permit the customer's widow to take the required minimum distribution from the customer's beneficiary individual retirement account (IRA), which required opening an account for the customer's widow. When Burford submitted the death certificate for this purpose, he failed to inform the firm that the customer's individual brokerage account remained open and active. Subsequently, Burford executed additional trades and withdrawals in the account. In total, Burford executed sales transactions totaling \$129,972.03 in his deceased customer's account and facilitated withdrawals for the customer's widow totaling \$84,669.87. It was not until Burford learned that the deceased customer's

daughter planned to contest his will, that he finally ceased activity in the customer's individual brokerage account and asked the firm to freeze the assets in it. Even then, Burford failed to inform the firm that he had improperly effected any transactions in the customer's individual brokerage account until the daughter's attorney informed Burford that the firm might be liable for any unauthorized distributions from the customer's accounts.

The sanctions are not in effect pending review. ([FINRA Case #2019064656601](#))

## 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 these allegations in the complaint.**

### **Patrick Stanton Matlock ([CRD #5760255](#), Basking Ridge, New Jersey)**

August 15, 2022 – Matlock was named a respondent in a FINRA complaint alleging that he misrepresented material facts on a loan application and loan agreement he submitted to the SBA in order to obtain an EIDL. The complaint alleges that Matlock falsely represented in a loan application to the SBA that he sought a loan for a sole proprietorship in New Jersey that had earned gross revenue of \$120,000 during the 12-month period prior to January 31, 2020, and that it had one employee. The business for which Matlock sought a loan did not even exist as of the time he submitted the loan application. Matlock reaffirmed the truth and accuracy of these false representations when he executed the loan agreement necessary to secure a \$59,000 EIDL. Matlock also falsely represented in the loan agreement that he would only use the proceeds to alleviate economic injury caused by the COVID-19 emergency. However, one week after signing the loan agreement, Matlock used a substantial part of the loan proceeds to purchase shares of common stock of an energy company in his personal brokerage account. The complaint also alleges that Matlock engaged in an OBA without providing prior written notice to his member firm or obtaining required firm approval. After applying for the EIDL, Matlock formed a limited liability company (LLC) ostensibly to provide remodeling services. Although Matlock was the sole member/manager of the company, which he formed as a for-profit business, he did not provide any notice to the firm of this outside business prior to the firm terminating his employment. The complaint further alleges that Matlock failed to provide information and documents requested by FINRA in connection with an investigation. Matlock failed to produce certain bank account statements that were material to FINRA's investigation into whether the company

Matlock purported to exist in his loan application had any revenue in the year ending January 31, 2020, and to FINRA's investigation into whether he received any compensation in connection with his undisclosed remodeling business. ([FINRA Case #2020067731001](#))

**Daniel Pita ([CRD #6759879](#), Southwest Ranches, Florida)**

August 18, 2022 – Pita was named a respondent in a FINRA complaint alleging that he failed to provide information and documents requested by FINRA during an investigation into an allegation that he had not disclosed all of his OBAs while he was employed at his member firm. The complaint alleges that FINRA's requests sought information and documents that were material to its investigation and were necessary to determine whether Pita had disclosed all of his OBAs to the firm or engaged in other misconduct. ([FINRA Case #2021071965401](#))

**Michael Christopher Venturino ([CRD #5872439](#), Dix Hills, New York)**

August 22, 2022 – Venturino was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and violated FINRA Rule 2020 by churning customer accounts. The complaint alleges that Venturino exercised de facto control of the trading in the accounts, controlling the volume and frequency of trading in the accounts, deciding what securities to buy and sell, the quantity of each transaction, and the timing of each transaction. Venturino's customers relied on him to make securities recommendations and consistently followed his recommendations. Venturino also exercised control in instances when he made unauthorized transactions in the customers' accounts. Venturino's trading in these accounts was excessive and quantitatively unsuitable for each of the customers based on their investment profiles as evidenced by the high turnover rates and cost-to-equity ratios, the use of short-term, in-and-out trading, the frequency of the transactions, and the transaction costs incurred. Venturino acted with scienter. In churning these accounts, Venturino acted with the intent to defraud or, at the very least, with reckless disregard of his customers' interests, seeking to maximize his own compensation in disregard of the interests of his customers. Venturino deliberately incurred unreasonably high trading costs in these customers' accounts, which made it virtually impossible for the accounts to be profitable. Indeed, Venturino's trading caused approximately \$1,028,389 in cumulative customer losses and caused the customers to pay \$518,313 in commissions, markups, markdowns, margin interest and other trading costs. Conversely, Venturino received more than \$325,000 from trading in the accounts. The complaint also alleges that while exercising control over the customer accounts, Venturino traded in an excessive and unsuitable manner. The complaint further alleges that Venturino executed transactions in the non-discretionary accounts of his customers, without the customers' prior authorization or consent. ([FINRA Case #2021070337501](#))

**Firm Expelled for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552**

**Ustocktrade Securities, Inc. (CRD #16208)**  
Newton, Massachusetts  
(August 11, 2022)  
FINRA Case #2022074651101/FPI220001

**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.)

**The Transportation Group (Securities) Limited (CRD #286288)**  
New York, New York  
(June 3, 2022 – August 11, 2022)

**The Transportation Group (Securities) Limited (CRD #286288)**  
New York, New York  
(June 6, 2022 – August 11, 2022)

**Firm Suspended for Failure to Meet the Eligibility or Qualifications Standards or Prerequisites for Access to Services Pursuant to FINRA Rule 9555**

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

**Richfield Orion International, Inc. (CRD #24433)**  
Castle Rock, Colorado  
(August 29, 2022)  
FINRA Case #2022075482601

**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.)

**Darien Euclid Bonney (CRD #4899007)**  
Scottsdale, Arizona  
(August 9, 2022)  
FINRA Case #2021072817601

**Jimmy Cheng (CRD #6718287)**  
Brooklyn, New York  
(August 16, 2022)  
FINRA Case #2021073173101

**Eddy Chou (CRD #4685418)**  
Fremont, California  
(August 26, 2022)  
FINRA Case #2021071392801

**Kara Leigh Gagnon (CRD #4574455)**  
East Windsor, Connecticut  
(August 29, 2022)  
FINRA Case #2020069027701

**Johana Valeria Jimenez (CRD #7144953)**  
 San Diego, California  
 (August 30, 2022)  
 FINRA Case #2021071510901

**Derick Montrele Strickland (CRD #6856512)**  
 Houston, Texas  
 (August 30, 2022)  
 FINRA Case #2021073615601

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**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.)

**Tony E. Bell (CRD #5847751)**  
 Sacramento, California  
 (August 19, 2022 – August 31, 2022)  
 FINRA Case #2022074111301

**Matthew Black (CRD #6778165)**  
 Baldwin, New York  
 (August 29, 2022)  
 FINRA Case #2021073535201

**Jay Conan Dougall (CRD #4482425)**  
 Wilmington, North Carolina  
 (August 15, 2022)  
 FINRA Case #2021073518601

**Edgar Gasman Garcia (CRD #5986217)**  
 Tracy, California  
 (August 22, 2022)  
 FINRA Case #2021073532501

**Roger David Hickman (CRD #2996012)**  
 Washington, Illinois  
 (August 22, 2022)  
 FINRA Case #2021073078401

**Jamie Lemon (CRD #6839775)**  
 Pawtucket, Rhode Island  
 (August 8, 2022)  
 FINRA Case #2021069421302

**Linda Chih Ling Leong (CRD #2202858)**  
 Rancho Santa Fe, California  
 (August 22, 2022)  
 FINRA Case #2021072264101

**Donald Charles Nelson (CRD #2473307)**  
 Victorville, California  
 (August 26, 2022)  
 FINRA Case #2022074369601

**Michael Ryan Richie (CRD #7302281)**  
 Aurora, Colorado  
 (August 12, 2022)  
 FINRA Case #2022073752601

**Edward Michael Von der Schmidt (CRD #5735379)**  
 New York, New York  
 (August 5, 2022)  
 FINRA Case #2022074027701

**Cedric Matthew Wade (CRD #2550876)**  
 Mesa, Arizona  
 (August 1, 2022)  
 FINRA Case #2021072237001

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**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.)

**Todd Clark Kalish (CRD #2865875)**  
Rocky River, Ohio  
(August 4, 2022 – August 12, 2022)  
FINRA Case #20220755306/ARB220010/  
Arbitration Case #18-03388

**Nicolas Pablo Lumermann (CRD #4627332)**  
Austerlitz, New York  
(August 5, 2022)  
FINRA Arbitration Case #19-01585

**Jeff Corey McElroy (CRD #2535214)**  
Oklahoma City, Oklahoma  
(August 18, 2022)  
FINRA Case #20220750470/ARB220007

**Kevin M. McNeil (CRD #4166684)**  
Coral Springs, Florida  
(August 25, 2022)  
FINRA Arbitration Case #20-00205

**Alex Leon Salcedo (CRD #2752730)**  
Chino Hills, California  
(April 26, 2019 – August 29, 2022)  
FINRA Arbitration Case #17-02892

**Francisco Javier Valenzuela (CRD #2786970)**  
Tucson, Arizona  
(August 5, 2022)  
FINRA Arbitration Case #20-03591