

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Bluechip Securities, Inc. (CRD® #45726, Houston, Texas) and Muhammad Akram Khan, (CRD #1400089, Registered Principal, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Khan was fined \$385,000 and suspended from association with any FINRA® member in any capacity for 18 months. In assessing the fine, financial benefits Khan obtained were considered. The fine must be paid either immediately upon Khan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, the firm and Khan consented to the described sanctions and to the entry of findings that Khan engaged in excessive trading in the accounts of his member firm's customers; Khan effected transactions and generated approximately \$380,296 in commission charges. The findings stated that the customers' accounts incurred losses of approximately \$399,000; the annualized commission-equity ratio for one customer's account was approximately 22,131 percent and the commission-equity ratio for the other customer's account was approximately 450 percent. The findings also stated that Khan executed, or caused the execution of, options transactions at prices that were unfair, in that the commissions charged on such transactions were excessive in light of all factors relevant to the transactions; the trades involved opening and closing transactions in listed index options traded on an options exchange, for which immediate execution was obtained through the firm's clearing firm. The findings also included that Khan recommended opening options transactions to his firm's customers without having reasonable grounds to believe that the recommended transactions were suitable for the customers; further, Khan did not have a reasonable basis for believing that the customers had such knowledge and experience in financial matters that they could reasonably be expected to be capable of evaluating the risks of the transactions, and that they were financially able to bear the risks of the recommended positions in the options contracts.

FINRA found that Khan exercised discretion in executing options transactions in customers' accounts; none of the customers provided Khan or the firm with written authorization to exercise discretion in their accounts and none of the accounts were accepted by the firm or a registered options principal in writing as discretionary accounts. FINRA also found that the firm was required to conduct an independent test of its Anti-Money Laundering (AML) Compliance Program (AMLCP); pursuant to Interpretative Material (IM) 3011-1, an individual with a working knowledge of applicable requirements of the

Reported for August 2011

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

Bank Secrecy Act and implementing its regulations was required to conduct the test. In addition, FINRA determined that during one year, Khan, who is the firm's AML Compliance Officer and therefore not independent, conducted the test; and during another year, the test was conducted by an individual who did not have a working knowledge of applicable requirements of the Bank Secrecy Act and implementing its regulations—therefore, Khan failed to cause the firm to conduct an independent test of its AML Compliance Program. Moreover, FINRA found that the firm, acting through Khan, failed to maintain accurate books and records, in that the firm failed to prepare and maintain accurate net capital computations. Furthermore, FINRA found that the firm, acting through Khan, conducted a securities business while failing to maintain the required minimum net capital; some violations were caused by the mischaracterization of certain items as allowable assets when such items were properly classified as non-allowable assets, and one violation involved the firm's failure to take into account certain liabilities in calculating its net capital. The findings also stated that Khan sent and received electronic communications to and from a customer, in the form of text messages, related to the firm's business; as such the firm did not preserve these communications in the manner Securities and Exchange Act Rule 17a-3 required. The findings also included that the firm, acting through Khan, filed inaccurate quarterly Financial and Operational Combined Uniform Single (FOCUS™) Reports because they included inaccurate net capital computations. FINRA found that the firm did not maintain the minimum net capital required by SEC Rule 15c3-1; the firm, acting through Khan, failed to provide notice of its net capital deficiency to FINRA and the SEC pursuant to SEC Rule 17a-11.

The suspension is in effect from July 5, 2011, through January 4, 2013. ([FINRA Case #2009016264301](#))

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) and Adrienne Barrett Tubridy (CRD #1570968, Registered Supervisor, Marblehead, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$350,000. In assessing the fine, FINRA took into account financial benefits the firm obtained, and the firm's discovery, reporting, investigation and corrective measures are reflected in the sanctions. Tubridy was fined \$10,000, suspended from association with any FINRA member in any supervisory capacity for 10 days and required to cooperate with FINRA in its prosecution of any other disciplinary action related to these events by, among other things, meeting with and being interviewed by FINRA staff without the need of staff to resort to FINRA Rule 8210, and testifying truthfully at any related hearing.

Without admitting or denying the findings, the firm and Tubridy consented to the described sanctions and to the entry of findings that the firm held contractual agreements with third-party investment advisers who provided financial services to firm customers through the firm's adviser select program for a fee the customers paid, and the firm customers granted discretionary trading authority to the third-party advisers. The findings stated

that the agreements contained a confidentiality clause prohibiting firm employees from using the third-party advisers' portfolio recommendations for other clients. The findings also stated that the firm instituted a written policy and procedure manual distributed to firm employees, including Tubridy, that contained guidelines related to the adviser select account and prohibited shadowing adviser select accounts, but the firm did not implement any specific systems to detect and prevent shadowing; no exception reports were created to identify shadowing, no applicable training was conducted, and no supervisory systems were put in place to monitor accounts for possible shadowing. The findings also included that in one branch office while Tubridy was responsible for performing trade reviews, shadowing was egregious and continued for years.

FINRA found that even though the firm did not implement exception reports to identify shadowing, shadowed trades were flagged for other reasons, which required Tubridy to follow up; she examined and approved shadowed trades on the exception reports, made notations on certain trades, which indicated an awareness of shadowing, but failed to follow up on the information and neglected to raise the issue with compliance or her supervisors. FINRA also found that through shadowing, firm registered representatives circumvented the fee arrangement the firm had in place for the adviser select program and violated the provisions of confidentiality agreements prohibiting the use of the third-party investment advisers' proprietary information. In addition, FINRA determined that the firm and involved registered representatives failed to pay a combined total of over \$200,000 to third-party investment advisers. Moreover, FINRA found that the firm failed to establish, maintain and enforce an adequate supervisory system to detect and prevent shadowing, and Tubridy failed to recognize and follow up on "red flags" of shadowing. Furthermore, FINRA found that once the firm learned that shadowing had occurred, with Tubridy's assistance, it conducted an extensive and immediate internal investigation across all branch offices to identify and halt any other shadowing activity.

The suspension was in effect from August 1, 2011, through August 10, 2011. ([FINRA Case #2008013864402](#))

Firm and Individual Fined

Trustmont Financial Group, Inc. (CRD #18312, Greensburg, Pennsylvania) and Peter Daniel Dochinez (CRD #1062112, Registered Principal, Delmont, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm and Dochinez were censured and fined \$10,000, jointly and severally. The firm was fined an additional \$20,000. Without admitting or denying the findings, the firm and Dochinez consented to the described sanctions and to the entry of findings that the firm failed to develop and enforce written procedures reasonably designed to achieve compliance with NASD[®] Rule 3010(d)(2) regarding the review of electronic correspondence. The findings stated that although the firm had certain relevant procedures in place, it did not have a satisfactory system for

providing designated principals with access to such correspondence for review; instead, the firm relied on registered representatives to forward any emails involving customers to a central email address, which was accessible to the firm's president and chief compliance officer (CCO), for review. The findings also stated that the firm did not have effective procedures to monitor its representatives' compliance with the email forwarding requirement; instead the firm relied on branch inspections to monitor compliance, but, because the firm's branch offices were non-Office of Supervisory Jurisdiction's (OSJs), they were inspected infrequently—once every three years. The findings also included that during the infrequent branch office inspections, the firm generally failed to conduct adequate reviews of representatives' personal computers to determine if they were complying with the email forwarding requirement; other than some very limited reviews during the inspections, the firm failed to provide for surveillance and follow-up to ensure that email correspondence review procedures were implemented and adhered to.

FINRA found that the firm failed to enforce its written procedures requiring a designated principal to conduct a daily review of business-related electronic correspondence and to evidence that review by initialing the correspondence. FINRA also found that the firm, acting through Dochinez, the firm's president, chief executive officer (CEO) and a firm principal, failed to establish, maintain and enforce an adequate system of supervisory control policies and procedures that tested and verified that its supervisory procedures were reasonably designed with respect to the activities of the firm, its registered representatives and associated persons to achieve compliance with applicable securities laws and regulations, and created additional or amended supervisory procedures where the need was identified by such testing and verification. In addition, FINRA determined that the firm's supervisory control policies and procedures failed to address the requirements of designating a principal responsible for the firm's supervisory control policies and procedures; testing and verification to ensure reasonably-designed supervisory procedures; updating the firm's written supervisory procedures (WSPs) to address deficiencies noted during testing; designating a principal responsible for the annual report to senior management on the firm's system of supervisory controls procedures, summary of test results, significant identified exceptions, and any additional or amended procedures; identifying producing managers and assigning qualified principals to supervise such managers; using the "limited size and resources" exception for producing managers' supervision, including documenting the factors relied on in determining that the exception is necessary; electronically notifying FINRA of its reliance on the limited size and resources exception; reviewing and monitoring all transmittals of customer funds and securities; reviewing, monitoring and validating customer changes of address and customer changes of investment objectives; and providing heightened supervision over each producing manager's activities. Moreover, FINRA found that the firm, acting through Dochinez, failed to conduct independent tests of its AMLCP. ([FINRA Case #2009016311801](#))

Firms Fined

Aufhauser Securities, Inc. (CRD #39673, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$21,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) and failed to transmit ROEs to OATS for more than a year. ([FINRA Case #2008014869501](#))

Barclays Capital, Inc. (CRD #19714, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to report to the Trade Reporting and Compliance Engine™ (TRACE™) the transactions it had not previously reported. Within 30 business days of the National Adjudicatory Council's (NAC) acceptance of the AWC, a registered principal of the firm shall submit to FINRA a representation that the firm has reported the previously unreported transactions to TRACE and the date they were reported. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities that it was required to report to TRACE. The findings stated that the firm failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE. ([FINRA Case #2009019847301](#))

Biremis, Corp. (CRD #127840, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair all of the rejected repairable ROEs and as a result, it failed to transmit ROEs to OATS during that calendar quarter. The findings stated that the firm failed to timely report ROEs to OATS, and transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the related order routed to NASDAQ or to the corresponding new order the destination member firm transmitted due to inaccurate, incomplete or improperly transmitted data. ([FINRA Case #2008015905701](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report short interest positions to FINRA for a settlement date and reported short interest positions incorrectly. ([FINRA Case #2008014672401](#))

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of

findings that it failed to accurately report the trade time for transactions to the Real-time Transaction Reporting System (RTRS) for all customer transactions reviewed. The findings stated that the firm failed to maintain accurate order tickets for some corporate bond transactions; the firm failed to record the receipt time on the order tickets, and some of the order tickets did not reflect the accurate terms and conditions of the order (*i.e.* capacity).

([FINRA Case #2009016134601](#))

Capstone Global Markets, LLC (CRD #143612, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported last sale reports of transactions in designated securities to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) it was not required to report. ([FINRA Case #2009020099101](#))

Charles Schwab & Co., Inc. (CRD #5393, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of trade time to an RTRS Portal, and failed to report the correct execution time to the RTRS for some of these transactions. ([FINRA Case #2009018114601](#))

Eroom Securities L.L.C. (CRD #41257, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$32,500 and required to revise its WSPs regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that on numerous business days, it failed to transmit most of its ROES to OATS that it was required to transmit. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. ([FINRA Case #2008013159601](#))

Fieldstone Services Corp. (CRD #27851, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to show the execution time on brokerage order memoranda. The findings also stated that the firm failed to enforce its WSPs, which specified that the firm would review all TRACE-eligible transactions as well as TRACE quality of market report cards on a monthly basis to determine whether trades were properly reported. The findings also included that the firm failed to report transactions in TRACE-eligible securities that it was required to report to TRACE. FINRA found that the firm failed to report the correct

trade execution time or date, the correct contra-party's identifier, the correct price, the correct volume, the correct contra-party, the correct Committee on Uniform Securities Identification Procedures (CUSIP), or the correct buy/sell indicator for transactions in TRACE-eligible securities to TRACE. ([FINRA Case #2009019353001](#))

Finance 500, Inc. (CRD #12981, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed transactions in reportable securities and failed to report each of the transactions to the FNTRF or to the Over-The-Counter Reporting Facility (OTCRF) with the correct symbol indicating whether the transaction was a buy, sell, sell short or cross. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, in that all the reports omitted the special handling code for directed orders. The findings also stated that the firm failed to transmit a Desk Report to OATS for orders that were routed between the firm's agency and market-making desks. The findings also included that the firm made available reports on covered orders in national market system securities that it received for execution from any person, and the firm's report included incorrect information. ([FINRA Case #2009016618601](#))

The Frazer Lanier Company, Incorporated (CRD #7089, Montgomery, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that a municipality sought to issue municipal bonds and retained the firm as the underwriter. The findings stated that in connection with the issuer's efforts to obtain favorable credit ratings for its bond offerings, the municipality's mayor and a principal from the firm made trips to meet with analysts from the credit rating agencies; both individuals took relatives on these trips although none were involved in meetings relating to the municipal bond credit ratings. The findings also stated that the firm advanced payment for some of the relatives' expenses. The findings also included that the firm sought and obtained reimbursement for the expenses from the proceeds of the municipal bond offerings; the unwarranted expense reimbursements for the relatives was \$3,838.17, which the firm has since repaid the municipality.

FINRA found that advancing payment by the firm of the mayor's relative's expenses and subsequent reimbursement of the expenses to the firm from the proceeds of the municipal issues resulted in a benefit to the issuer official that exceeded the limits of MSRB Rule G-20 and was not covered by the rule's exception for normal business dealings. FINRA also found that the expenses incurred by the firm principal's relatives were not legitimate business expenses, and the firm's submission and receipt of reimbursement of the expenses from the proceeds of the bond issues constituted deceptive, dishonest and unfair practices under MSRB Rule G-17. In addition, FINRA determined that the firm failed to adequately supervise the conduct of its municipal securities business and the municipal securities activities of its associated persons to ensure compliance with MSRB rules and applicable

provisions of the Securities Exchange Act of 1934, and failed to adopt, maintain and enforce WSPs reasonably designed to ensure compliance with the same rules and exchange act provisions. Moreover, FINRA found that the firm failed to adequately review the expense reimbursements to determine whether they complied with the firm's obligations under MSRB Rules G-17 and G-20. Furthermore, FINRA found that the firm failed to adopt, maintain and enforce WSPs setting forth guidelines for reimbursement of ratings trip expenses. ([FINRA Case #2010021263901](#))

Gates Capital Corporation (CRD #29582, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade time to the RTRS in reports of transactions in municipal securities. The findings stated that the firm failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of trade time to an RTRS Portal. The findings also stated that the firm failed to show the correct execution time on the memoranda of transactions in municipal securities. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning municipal securities transaction reporting. ([FINRA Case #2010021788801](#))

Goldman, Sachs & Co. (CRD #361, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2008016374901](#))

Great Point Capital LLC (CRD #114203, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report numerous ROEs to OATS and transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the corresponding new order the destination member firm transmitted due to inaccurate, incomplete or improperly formatted data. ([FINRA Case #2009018158401](#))

Indiana Merchant Banking and Brokerage Co., Inc. (CRD #16315, Indianapolis, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. FINRA imposed a lower fine after it considered, among other things, the firm's size, revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to evidence any review of incoming or outgoing written and electronic correspondence; the

firm failed to review the incoming and outgoing electronic correspondence of its CCO's personal email account that he used to conduct securities related business, and the CCO had business cards with his personal email address included. The findings stated that the firm failed to maintain its electronic correspondence (email) and electronic internal communications (email) for almost two years, and failed to maintain the incoming and outgoing electronic communications of an individual's personal email account used to conduct business. The findings also stated that the firm failed to notify FINRA prior to employing electronic storage media. The findings also included that the firm failed to file an attestation by at least one third party who has access and the ability to download information from its electronic storage media to an acceptable media for such records that are exclusively stored electronically. FINRA found that the firm's electronic storage media failed to have in place an audit system providing for accountability regarding inputting of records required to be maintained and preserved, and inputting of any changes to every original and duplicate record maintained and preserved. FINRA also found that the firm failed to evidence the disclosure of its privacy notice upon account opening and annually thereafter; although the firm produced a privacy policy and procedures, it failed to provide initial, annual and revised privacy notices. ([FINRA Case #2009016067901](#))

J.H. Darbie & Co., Inc. (CRD #43520, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$11,500 and required to revise its WSPs regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report all of its ROEs to OATS during a review period. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. ([FINRA Case #2009018266501](#))

J.P. Morgan Securities LLC (CRD #79, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$147,500 and ordered to pay \$13,792.94, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to execute orders fully and promptly, and in some of the transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair many of them, so they were not transmitted to OATS; the firm also failed to repair some within the required five business days. The findings also stated that the firm failed to populate the Rejected ROE Resubmit Flag with a "Y" for some ROEs. The findings also included that the firm effected transactions in securities while a trading halt was in effect with respect to each of the securities.

FINRA found that the firm failed to timely report ROEs to OATS; transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the related order routed to NASDAQ, or was unable to link to the corresponding new order the destination member firm transmitted due to inaccurate, incomplete or improperly formatted data; transmitted Execution or Combined Order/Execution Reports to OATS that the OATS system was unable to link the execution reports to the related trade reports in an NASD trade reporting system due to inaccurate, incomplete or improperly formatted data; transmitted New Order Reports and related subsequent reports to OATS where the timestamp for the related subsequent report occurred prior to the receipt of the order, and because of the inaccurate timestamps, the OATS system was unable to create an accurate, time-sequenced record from the receipt of the order through its resolution; and was named as the Sent To Firm on Route or Combined Order/Route Reports other members transmitted that OATS was unable to match to a related New Order Report the firm submitted. FINRA also found that the firm accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders or execute them up to the size and at the same price at which it traded for its own account or at a better price. In addition, FINRA determined that the firm failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of trade time to an RTRS Portal. Moreover, FINRA found that the firm improperly reported information to the RTRS that it was not required to report. Furthermore, FINRA found that the firm failed to transmit ROEs to OATS by failing to submit numerous Desk Reports, and in one instance, failed to report a special handling code.

The findings also stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings also included that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data; the firm incorrectly submitted Route Reports to OATS, submitted incorrect reporting exception codes and in one instance, failed to submit data for an order to OATS. FINRA found that the firm failed, within 90 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC™ equity securities; the firm failed, within 90 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC equity securities and the firm failed, within 90 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC equity securities and failed to designate them as late to the OTCRF. FINRA also found that the firm failed to report the correct execution time in last sale reports of transactions in OTC equity securities to the OTCRF. FINRA found that the firm failed, within 90 seconds after execution, to transmit to last sale reports of transactions in designated securities to the FNTRF, and the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in designated securities to the FNTRF and failed to designate some of them as late; the firm failed to report the correct execution time for last sale reports in designated securities to the FNTRF and incorrectly designated last sale reports of transactions in designated securities as “.PRP.” ([FINRA Case #2006005335801](#))

LPL Financial LLC (CRD #6413, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that a firm representative submitted a written request to conduct a live call-in finance- and investment-related radio show to be broadcast in Farsi; the firm had various written procedures relating to the supervision of its representatives' public appearances, which, among other things, required that the first three radio shows be submitted to the firm's advertising compliance department as soon as they had aired and that the advertising compliance department would contact representatives quarterly to request copies of specific shows during a randomly chosen date range for review. The findings stated that the firm approved the representative's request and required the representative to provide a translated copy of the show upon a quarterly request, and an unaffiliated third-party translation company was to complete the translation. The findings also stated that for five years, the representative, together with another representative, aired approximately 520 shows on a particular radio station; the format was typically a live call-in show, in Farsi, discussing financial issues and investments, but the firm failed to request or review copies or transcripts of the broadcasts. ([FINRA Case #2010021545201](#))

Midtown Partners & Co., LLC (CRD #104223, New York, New York) submitted an Offer of Settlement in which the firm was censured and fined \$30,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to have a supervisory system reasonably designed to detect and prevent the misuse of material, nonpublic information by employees through an information barriers system. The findings stated that the firm did not have WSPs addressing the creation or distribution of a watch list, which is a list of securities whose trading is subject to close scrutiny by a firm's compliance or legal department, and the firm did not maintain any list of this nature. The findings also stated that the firm maintained a restricted list but it was not maintained in the manner its own procedures required; securities were added to the list in a haphazard manner, often after the issuer had signed a private placement agent agreement with the firm. The findings also included that the list did not reflect when a security was added or deleted from the list, and did not identify the contact person.

FINRA found that the firm did not adequately monitor employee trading outside the firm for transactions in the restricted-list securities; the firm permitted employees to maintain securities accounts with other broker-dealers, requiring any employee to have duplicate confirmations and account statements sent to the firm. FINRA also found that firm employees were required to disclose their outside accounts to the firm upon hire and annually in an attestation form, but the firm failed to obtain annual attestations from some employees and did not ensure that it was receiving the required duplicate confirmations and account statements. In addition, FINRA determined that because the firm failed to maintain a watch list, to timely add securities to its restricted list, to

record the required restricted list information, and to obtain confirmations and account statements for employee accounts, it could not reasonably monitor its employees' trading for transactions in restricted or watch-list securities. Moreover, FINRA found that the firm did not have procedures to restrict the flow of material, nonpublic information and routinely shared restricted-list information with unregistered individuals who were firm owners, and occasionally shared with these unregistered individuals the details of investment banking contracts; consequently the firm's procedures were not reasonably designed to prevent violation of securities rules prohibiting insider trading. ([FINRA Case #2008012242901](#))

MML Investor Services, LLC (CRD #10409, Springfield, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$32,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased or sold TRACE-eligible securities as agent for a customer in over-the-counter transactions for a commission or service charge that was in excess of a fair amount, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense of executing the order and the value of any service rendered by reason of experience in, and knowledge of, such security and the market. The findings stated that the firm failed to enforce its WSPs by charging commissions in excess of the procedure's limits. ([FINRA Case #2009019499901](#))

Morgan Stanley & Co. Incorporated nka Morgan Stanley & Co. LLC (CRD #8209, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$575,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and/or enforce adequate WSPs, and failed to adequately supervise total return swaps and off-shore stock loans. The findings stated that these transactions were designed to generate for certain off-shore clients a perceived tax advantage related to dividend income on U.S. equities. The findings also stated that the advantage was referred to as various terms, including "yield enhancement," and represented the amount that would have been withheld in taxes on a dividend, but that the client obtained through a transaction with the firm and/or its affiliates; but in both types of transactions, the client did not hold the stock on the dividend record date but, instead, the firm structured the transaction as a swap or loan, and provided yield enhancement as part of a securities derivative or stock loan-related payment.

The findings included that some clients sold the underlying equity before entering the swap, and bought the equity back after the swap terminated. The findings also included that, in such circumstances, yield-enhancement payments were appropriate only if the client surrendered beneficial ownership of the underlying equity during the life of the swap and engaged in market risk in the buying and selling of the equity. The findings

further included that the firm was unable to substantiate the propriety of some yield enhancement payments because of supervisory deficiencies in the use of “crosses,” short-term transactions and market-on-close pricing; and in a cross, the firm and its counterparty conducted securities transactions directly with one another, and executed them in the over-the-counter market.

FINRA found that the firm allowed its clients to both “cross in” and “cross out” on securities transactions that were related to the swap transactions. In addition, FINRA found that allowing clients to do this, particularly in trades that bracketed the dividend record dates, enabled these clients to re-establish their original securities position after the swap terminated in a manner that minimized the clients’ market risk. FINRA further found that the firm’s procedures failed to prevent customers from unwinding a swap at the closing price of the underlying equity, which also allowed clients to re-establish their securities positions at minimal market risk. Furthermore, FINRA found that regarding off-shore stock loans, the firm failed to establish WSPs and lacked effective working control of business operations that involved firm clients, client securities that were custodied in accounts at the firm, and firm personnel. FINRA also found that the firm allowed affiliates to initiate and conduct the off-shore stock loan transactions without sufficient oversight from the firm; and as a result, the firm was unable to supervise this aspect of its business and substantiate that these transactions were conducted in a manner that made certain the yield-enhancement payments were appropriate. The findings also included that after the firm reviewed its off-shore stock loans, it determined to stop sourcing U.S. equities from its off-shore customers for such transactions because of the firm’s concerns about its ability to maintain adequate controls over these operations. ([FINRA Case #2008015717101](#))

Polar Investment Counsel, Inc. (CRD #42847, Thief River Falls, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and ordered to pay \$3,938.64, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in pairs of contemporaneous principal transactions, it sold municipal securities for its own account to a customer at an aggregate price (including any markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. ([FINRA Case #2009017748901](#))

Pritchard Capital Partners, LLC (CRD #100480, Covington, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its WSPs with respect to OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that

it failed to transmit ROEs to OATS on numerous business days. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. ([FINRA Case #2009017830501](#))

Samuel A. Ramirez & Co., Inc. (CRD #6963, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accurately report the details of certain corporate bond transactions to TRACE. The findings stated that the firm reported a percentage of its TRACE-eligible corporate bond transactions in the wrong capacity; these transactions were reported with the firm acting as agent when, instead, it had acted as principal. The findings also stated that a transaction was reported with an incorrect contra-party Market Participant ID (MPID), and transactions were incorrectly reported as broker-dealer transactions when they should have been reported as customer transactions. The findings also included that the firm executed corporate bond transactions for customers and failed to ensure delivery of confirmations for some of those transactions, each of which was effected for a single investment-advisor subaccount. FINRA found that this failure, which was due to human error, further resulted in the firm's failure to make and keep such confirmations as required under SEC and FINRA rules. ([FINRA Case #2010020993801](#))

Seattle-Northwest Securities Corporation (CRD #10639, Seattle, Washington) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of trade time. ([FINRA Case #2009017092601](#))

Statetrust Investments Inc. (CRD #104651, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings also stated that the firm failed to enforce its WSPs, which specified that the CCO would review the TRACE Quality of Market Report Card for exceptions, document evidence of the review with initials and dates, and document any action taken based on the review. ([FINRA Case #2010021642701](#))

UBS Securities LLC (CRD #7654, Stamford, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$42,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted ROEs to OATS that OATS rejected for context or syntax

errors and were repairable, but the firm failed to repair some of these rejected ROEs, so it failed to transmit them to OATS during the review period. The findings stated that the firm failed to repair some of the ROEs within the required five business days. The findings also stated that the firm failed to transmit all of its ROEs to OATS on numerous business days for approximately 18 months for a specific MPID. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting for the specific MPID. ([FINRA Case #2008015901501](#))

Wayne Hummer Investments L.L.C. (CRD #875, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and ordered to pay \$2,014.89, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in pairs of transactions, it sold municipal securities for its own account to a customer at an aggregate price (including any markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. ([FINRA Case #2009018305401](#))

Wells Fargo Advisors, LLC (CRD #19616, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct yield to the RTRS in reports of transactions in municipal securities. The findings stated that the firm failed to provide written notification disclosing to its customer the correct lowest effected yield in most of these municipal securities transactions. ([FINRA Case #2009020728001](#))

Individuals Barred or Suspended

Salvador Almonte (CRD #4968858, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Almonte consented to the described sanctions and to the entry of findings that he purchased shares of an exchange-traded fund (ETF) in the account belonging to customers of his member firm without their knowledge, authorization or consent. The findings stated that this purchase of ETF shares resulted in a deduction of \$4,914 from the customers' account.

The suspension was in effect from June 20, 2011, through July 11, 2011. ([FINRA Case #2009018047201](#))

Richard Annichiarico (CRD #4286994, Registered Representative, Croton, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for one year. In light of Annichiarico's financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Annichiarico consented to the described sanction and to the entry of findings that he engaged in check kiting when he wrote personal checks while knowing that there were insufficient funds to cover them. The findings stated that Annichiarico wrote each of the checks to himself and deposited them via automatic teller machine (ATM), in amounts ranging from \$100 to \$1,000, to create a provisional credit in his own bank account which he used to withdraw cash via ATM. The findings also stated that the checks returned for insufficient funds totaled \$5,380. The findings also included that Annichiarico's account was cured by subsequent deposits and was assessed returned check fees, which were paid. FINRA found that Annichiarico failed to timely respond to FINRA requests for information and documents.

The suspension is in effect from June 6, 2011, through June 5, 2012. ([FINRA Case #2009019439101](#))

Dennis Osborn Beadle (CRD #1137908, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Beadle consented to the described sanctions and to the entry of findings that he used an answer key to complete a state insurance continuing education (CE) exam. The findings stated that certain states began requiring financial advisors to complete a long-term care (LTC) CE course and exam before selling LTC insurance products to customers who reside in those states. The findings also stated that Beadle was advised that he would be required to complete the LTC CE exam for a particular state before he was able to complete the sale of a policy to a colleague's relative. The findings also included that Beadle received an email from a wholesaler that included a copy of the state's LTC CE exam questions, with the answers filled in by hand. FINRA found that Beadle used the answer key to complete the state's LTC CE exam.

The suspension was in effect from July 5, 2011, through August 4, 2011. ([FINRA Case #2009021029706](#))

Harold Edwin Bissett Jr. (CRD #858422, Registered Principal, New Bern, North Carolina) submitted an Offer of Settlement in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the allegations, Bissett consented to the described sanctions and to the entry of findings that he exercised discretion in a customer's account without the customer's written authorization and his member firm's acceptance of the account as discretionary.

The suspension was in effect from July 5, 2011, through July 11, 2011. ([FINRA Case #2009016924901](#))

Aaron Lee Boehm (CRD #3232128, Registered Supervisor, Bend, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Boehm consented to the described sanctions and to the entry of findings that he entered into a handwritten agreement with a customer of his member firm wherein he agreed to provide financial advisory services to the customer in exchange for older vehicles, which the customer sold to him at a discounted price. The findings stated that Boehm entered into the business agreement to provide financial advisory services, outside the scope of his relationship with his firm, and without first notifying the firm or obtaining the firm's written approval of the arrangement. The findings also stated that the firm's WSPs specifically prohibited registered representatives from entering into outside employment or business activities without obtaining the firm's prior approval.

The suspension was in effect from July 5, 2011, through August 3, 2011. ([FINRA Case #2010022029101](#))

Howard Braff (CRD #1161062, Registered Principal, Holtsville, New York) was fined \$25,000 and suspended from association with any FINRA member in any capacity for two years. The NAC imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Braff failed to notify his member firms, in writing, of his outside brokerage accounts and failed to notify the executing member firms, in writing, of his employment at other member firms. The findings stated that Braff falsely represented to the firms with which he was registered that he did not have any outside brokerage accounts on firm disclosures and questionnaires.

Braff appealed the decision to the SEC and the sanctions are not in effect pending the appeal. ([FINRA Case #2007011937001](#))

Scott Thomas Brandt (CRD #1211417, Registered Representative, Woodland Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$67,909.21, which includes a \$57,909.21 disgorgement of commissions received, and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Brandt's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Brandt consented to the described sanctions and to the entry of findings that he provided written notice to his firm that he was engaged in sales of secured real estate notes outside the regular course and scope of his employment with the firm. The findings stated that at that time, the firm failed to recognize that the notes were securities and allowed Brandt to continue selling them without further supervision. The findings also stated that Brandt again disclosed his sales of the notes on his annual Outside Business Questionnaire (OBQ) form, following which the firm determined that the notes were actually securities and ordered him to stop selling the notes and remove any mention of note sales from his

OBO; Brandt subsequently submitted a new OBO devoid of any mention of note sales. The findings also included that Brandt sold a note to a customer and received a commission of \$3,459.21 for the sale although he failed to obtain the firm's prior written approval to sell the note.

FINRA found that Brandt sold additional notes to other customers without receiving any compensation for those sales and obtaining the firm's prior approval. FINRA also found that the total value of the notes Brandt sold, after submitting the new OBO devoid of any mention of note sales, was \$637,293.21. In addition, FINRA determined that Brandt recommended and sold notes totaling \$805,000 to other customers who were referred to him without having reasonable grounds for believing that his recommendations were suitable for these customers. Moreover, FINRA found that Brandt failed to obtain information about these customers' investment objectives, risk tolerances, financial circumstances or other information upon which he could reasonably base a suitability determination. Furthermore, FINRA found that Brandt relied upon representations from the referring individuals that they had analyzed the customers' profiles and determined the notes to be suitable for the customers. The findings also stated that Brandt received at least \$54,450.00 in commissions for these sales.

The suspension is in effect from June 20, 2011, through December 19, 2012. ([FINRA Case #2009017603801](#))

Michael Lee Bullock (CRD #35037, Registered Principal, Westlake Village, California) was fined \$25,000, suspended from association with any FINRA member in any principal capacity for 30 days, and required to requalify by exam as a principal before acting in any principal capacity. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Bullock accepted compensation directly from a mutual fund company in connection with the sale of its mutual funds, but he failed to notify or otherwise advise his firm before depositing it; Bullock prevented his firm from supervising his receipt of the money, enforcing its own procedures and reflecting the funds on its books. The findings also stated that Bullock failed to detect his firm's double-payment, which enabled him to profit monetarily (albeit not intentionally) from his actions. The findings also included that Bullock misrepresented and omitted material information in written communications with customers. The NAC found that in response to a direct request from a customer for disclosure of all matters that may impact services or performance or the public perception thereof, Bullock failed to disclose that he and his firm were under FINRA investigation, thereby negligently misrepresenting facts. The NAC dismissed allegations that Bullock violated NASD rules by sharing in directed brokerage commissions or requesting or arranging directed brokerage conditioned upon mutual fund sales.

The suspension is in effect from July 18, 2011, through August 16, 2011. ([FINRA Case #2005003437102](#))

Timothy D. Camarillo (CRD #5205051, Registered Representative, San Antonio, Texas) submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for four months, and ordered to pay \$13,000 in restitution to a customer. The fine and restitution must be paid either immediately upon Camarillo's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Camarillo consented to the described sanctions and to the entry of findings that he entered into a contract with a company to sell its private placements, and sold approximately \$370,000 of these private securities to his customers, receiving over \$13,000 in commissions, without providing notice to, or receiving approval from, his member firm. The findings stated that Camarillo's firm's written procedures, which he attested to reading and understanding, instructed employees to provide notice to the firm's compliance department and to seek the firm's written approval prior to engaging in any securities transactions not executed through the firm. The findings also stated that the company provided Camarillo with sales literature, and without submitting the brochure to his firm for approval, he distributed the brochure to his customers; the brochure contained several unwarranted, exaggerated and misleading statements, omitted material facts and ignored risk while guaranteeing success. The findings also included that Camarillo did not have a reasonable basis to recommend that his customers purchase the securities, had no experience selling these types of products and did not conduct proper due diligence.

FINRA found that Camarillo did not sufficiently understand the products offered through the company or how the investments were managed; all of Camarillo's customers who invested in the products informed Camarillo that they were seeking preservation of capital and viewed the investments as a retirement investment. FINRA also found that because Camarillo did not investigate the claims made in the sales literature that the returns were guaranteed, he had no basis to recommend the investment to customers seeking preservation of capital, and his recommendations to invest in the company were unsuitable. In addition, FINRA determined that Camarillo's customers lost tens of thousands of dollars by relying on his recommendation, because even after partial reimbursement from the company's court-ordered receivership, Camarillo's customers only recouped 69 percent of their investment. Moreover, FINRA found that the products, as marketed, were securities, the sale of which required Camarillo to possess a Series 7 license; at the time he sold the securities, Camarillo held only a Series 6 license.

The suspension is in effect from June 20, 2011, through October 19, 2011. ([FINRA Case #2010023612301](#))

Eric Allan Carr (CRD #5698243, Registered Representative, Dickinson, North Dakota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Carr's reassociation with a FINRA member

firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Carr consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

The suspension is in effect from June 20, 2011, through December 19, 2011. ([FINRA Case #2010022119701](#))

David Lee Cheviron (CRD #4031542, Registered Principal, Massillon, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Cheviron consented to the described sanction and to the entry of findings that without permission or authority, he wrongfully converted a total of \$75,331.08 from customers. The findings stated that Cheviron did so by withdrawing funds from a customer's bank account and then took the funds to another branch of the bank, where he deposited the funds into his own personal account; he ultimately used the customer's funds to make home improvements to his personal residence. The findings also stated that Cheviron's member firm compensated the customer for the funds wrongfully taken from her account; Cheviron has not reimbursed his firm. The findings also included that Cheviron caused other customers to sign distribution requests to an insurance company with instructions to mail checks to Cheviron's attention at several banks and his personal residence. FINRA found that upon receipt, Cheviron deposited these funds into his personal bank accounts and used the funds for his personal benefit. FINRA also found that in an effort to conceal that he was the beneficiary of the customers' funds, Cheviron created false account statements, which he provided to one of the customers. ([FINRA Case #2010022831701](#))

Robert Laurence Cochran (CRD #3002144, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Cochran's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Cochran consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in the joint account of customers at his member firm. The findings stated that one of the customers complained to Cochran concerning the unauthorized activity in his account, and in an attempt to placate the customer, Cochran provided the customer with checks totaling \$70,000; the checks were returned for insufficient funds. The findings also stated that Cochran's attempt to settle the customer's claims was made without the firm's knowledge or consent.

The suspension is in effect from June 20, 2011, through June 19, 2012. ([FINRA Case #2009018883101](#))

John Ross Coccozza (CRD #2909926, Registered Representative, Matawan, New Jersey) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Coccozza consented to the described sanction and to the entry of findings that he engaged in outside business activities without providing written notice to his member firm. The findings stated that the firm's policies and procedures prohibited its employees from engaging in outside employment or business ownership without prior written approval from a firm supervisor or the firm's compliance department. The findings also stated that Coccozza failed to respond to FINRA requests for information, documents and to provide on-the-record testimony. ([FINRA Case #2009020390701](#))

Martin Robert Coyne (CRD #2401192, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Coyne consented to the described sanction and to the entry of findings that he persuaded an elderly customer, in a meeting with the customer and a relative, to write a \$50,000 check made payable to an affiliate of Coyne's member firm and sign documents that purported to relate to a variable annuity investment, but Coyne never submitted the documents to his firm and the check was never cashed. The findings stated that in furtherance of his deception, Coyne misled the customer by informing him that the non-existent variable annuity contract was deemed unsuitable for him due to his age and persuaded the customer to instead invest in Coyne's non-existent company. The findings also stated that the customer, unbeknownst to his relative, wrote Coyne a \$50,000 check payable to "cash," which Coyne deposited into his personal bank account for the personal use of Coyne and his sibling, without the customer's authorization. The findings also included that Coyne had the customer sign a bogus agreement that purported, among other things, to guarantee a signing bonus and the greater of a five percent return on investment of the amount earned based on a particular annuity product, for a minimum three-year investment, plus return of the principal invested, all purportedly tax-free. FINRA found that a few months later, the customer's relative, still thinking that the customer had invested in a variable annuity, asked Coyne about the performance of the annuity, and Coyne several times provided the relative with fictitious annuity statements purporting to relate to the non-existent variable annuity investment. In addition, FINRA determined that by falsifying records, Coyne, in the conduct of his business, failed to observe high standards of commercial honor and just and equitable principles of trade. ([FINRA Case #2011026880701](#))

James Patrick Cross (CRD #1946579, Registered Representative, Nossegem, Belgium) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Cross failed to respond to FINRA requests for information and documents regarding his sale of certificates of deposit (CDs). ([FINRA Case #2010025127301](#))

Michael James Dwyer (CRD #1070151, Registered Representative, New Berlin, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Dwyer's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Dwyer consented to the described sanctions and to the entry of findings that he willfully failed to timely disclose material information on his Form U4. The findings stated that Dwyer completed compliance questionnaires for his member firms in which he falsely stated he understood his obligation to notify the firm of any change to his Form U4, including any liens. The findings also stated that one of Dwyer's firms received credit reports that showed the lien was still outstanding, and the firm's management and CCO specifically instructed him to disclose the lien on his Form U4, but he failed to do so at that time.

The suspension is in effect from June 20, 2011, through September 19, 2011. ([FINRA Case #2009018215801](#))

Michael Troy Fant (CRD #1053174, Registered Representative, Wolverine Lake, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. The fine must be paid either immediately upon Fant's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Fant consented to the described sanctions and to the entry of findings that he exercised discretion in various broker-dealer and investment advisory customer accounts without the customers' written authorization and without the firm's acceptance of the accounts as discretionary. The findings stated that in a letter to his firm, Fant admitted that he was unaware that he had to talk with customers before effecting trades, and that he had violated the firm's and its investment advisory affiliate's policies and procedures regarding exercising discretion in customer accounts. The findings also stated that Fant asserted that his customers understood and verbally acknowledged that he would effect transactions in their respective account without prior consultation. The findings also included that based upon Fant's written statement to his firm, he acknowledged his exercise of improper discretion in the majority of his broker-dealer and investment advisory accounts during the entire period of his employment with the firm and its investment advisory affiliate. FINRA found that Fant's conduct also violated the firm's and its investment advisory affiliate's written policies and procedures, which prohibited registered representatives and registered investment advisors from exercising discretion in customer accounts without the firm's or affiliate's approval and the customer's written authorization.

The suspension was in effect from July 5, 2011, through August 1, 2011. ([FINRA Case #2009018257601](#))

Joshua Albert Galiani (CRD #2864225, Registered Representative, Pelham Manor, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Galiani engaged in an investment strategy that resulted in a principal loss of \$662,108 in an elderly customer's accounts and provided fictitious account documents to the customer to hide the substantial losses in the account. The findings stated that Galiani made material false oral representations to the customer concerning the value of his investments and repeatedly told the customer to disregard the confirmations and statements sent to him by Galiani's member firm. The findings also stated that Galiani claimed that the majority of the customer's money was held in a third account, which he described to the customer as an institutional account that was not reflected on documents sent by the firm. The findings also included that the customer subsequently demanded that Galiani provide him with statements for the institutional account; Galiani created and provided the customer with fictitious firm account summaries that overstated the customer's actual holdings at the firm by approximately \$600,000. FINRA found that on the same date, Galiani created and provided the customer with a fictitious account statement for the institutional account reflecting a purported value of \$682,861.55. FINRA also found that the institutional account was a complete fabrication by Galiani; no such account existed and the account number listed on the institutional account statement was related to a closed account previously held by one of Galiani's relatives. ([FINRA Case #2009017619001](#))

Richard A. Garaventa (CRD #3101772, Associated Person, Staten Island, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Garaventa consented to the described sanction and to the entry of findings that while employed by his member firm's New York Positions Services (NYPS) Group, which was responsible for processing corporate actions, he misappropriated customer funds from unreconciled suspense accounts at the firm. The findings stated that Garaventa entered, or caused to be entered, numerous false journal entries into the firm's electronic system to transfer and credit at least \$59,349 of unreconciled customer funds to other NYPS suspense accounts that Garaventa was using to misappropriate funds. The findings also stated that Garaventa misappropriated customer funds from an SEC settlement fund by entering, or causing to be entered, numerous false journal entries into his firm's electronic system to credit SEC checks totaling approximately \$120,395 to the other NYPS suspense accounts he was using to misappropriate funds. The findings also included that Garaventa entered, or caused to be entered, into the firm's electronic system check requests against the suspense accounts that Garaventa was using to misappropriate funds; in this way, Garaventa misappropriated at least \$179,744 of customer funds for his own benefit.

FINRA found that Garaventa misappropriated funds from the firm by entering, or causing to be entered, numerous false journal entries into the firm's electronic system to transfer and credit approximately \$1,786,052 from different firm sources, including the firm's Fee

and Foreign Exchange accounts, leftover balances from corporate actions and accumulated American Depositary Receipt (ADR) fees, commingled with funds from other sources, to the NYPS suspense accounts; Garaventa then entered, or caused to be entered, into the firm's electronic system check requests to be issued against those funds. FINRA also found that Garaventa misappropriated funds from a firm counterparty; the counterparty calculated a payment to the firm related to a corporate action based on an incorrect tax withholding rate, which resulted in a \$1,000,000 overpayment by the counterparty, which was credited to an NYPS suspense subaccount. In addition, FINRA determined that Garaventa misappropriated approximately \$320,422 of the \$1,000,000 overpayment by entering numerous false journal entries into the firm's electronic system, transferring the funds to other NYPS suspense accounts that he was using to misappropriate funds, and caused checks to be issued against those funds by having NYPS employees who reported to him enter check requests on his behalf, which Garaventa approved and used the identification number and password of another NYPS employee who reported to him to enter check requests; one of the checks contained funds from other firm sources.

FINRA found that Garaventa misappropriated an additional \$228,031 from other undetermined sources by entering numerous false journal entries into the firm's electronic system to transfer those funds to other NYPS suspense accounts he was using to misappropriate funds, and caused checks to be issued against those funds, which had been commingled with funds from other sources. FINRA also found that Garaventa issued, or caused to be issued, approximately 50 false check requests and entered, or caused to be entered, hundreds of false journal entries in the firm's systems to foster his misappropriation of funds from the firm, its customers and a firm counterparty. Moreover, FINRA found that Garaventa failed to respond to FINRA requests for information. ([FINRA Case #2009017072301](#))

Timothy Jay Geidel (CRD #1319363, Registered Representative, Hamburg, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Geidel consented to the described sanction and to the entry of findings that he failed to fully respond to FINRA requests for information. ([FINRA Case #2010024194801](#))

James Spottswood Gibson (CRD #1709647, Registered Representative, Leola, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Gibson consented to the described sanctions and to the entry of findings that he met with customers of his member firm to discuss their joint securities account, which had sustained losses. The findings stated that at the meeting, Gibson gave them a check for \$10,000 drawn against a personal bank account Gibson owned. The findings also stated that in issuing the check, which the customers negotiated, Gibson shared in losses the customers had sustained in their joint account at Gibson's firm.

The suspension was in effect from July 5, 2011, through July 18, 2011. ([FINRA Case #2009019827801](#))

Kevin Mark Glodek (CRD #2419411, Registered Representative, New York, New York) was fined \$25,000 and suspended from association with any FINRA member in any capacity for six months. The U.S. Court of Appeals for the Second Circuit denied Glodek's petition for review of the SEC's Opinion and Order, which sustained the NAC's decision. The sanctions were based on findings that Glodek made material misrepresentations to customers in connection with the sale of stock. The findings stated that the misrepresentations included predictions of the future price of a stock, the issuer's imminent listing on the American Stock Exchange, that the issuer was a debt-free company and false earning projections for the company.

The suspension is in effect from July 18, 2011, through January 17, 2012. ([FINRA Case #E9B2002010501](#))

John Edward Good Jr. (CRD #1429908, Registered Representative, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Good's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Good consented to the described sanctions and to the entry of findings that he borrowed approximately \$1,500 from his customer at his member firm without disclosing the loan to his firm. The findings stated that the loan was not reduced to writing and had no repayment terms; Good paid back the customer. The findings also stated that the firm had a policy prohibiting representatives from borrowing money from customers. The findings also included that Good completed a field inspection report in which he falsely stated to the firm that he had not borrowed money from any customers.

The suspension was in effect from June 20, 2011, through July 19, 2011. ([FINRA Case #2010023094301](#))

Kirk Loring Gravelle (CRD #2580309, Registered Representative, Macclenny, Florida) was fined \$10,000, suspended from association with any FINRA member in any capacity for five business days and required to requalify by examination. The sanctions were based on findings that Gravelle mismarked customer orders to buy securities as unsolicited when he had, in fact, recommended the purchase of the securities to customers. The findings stated that had Gravelle consulted his member firm's No Solicitation List, he would have known that registered representatives were restricted from soliciting because conflicts could arise from activity within the firm's investment banking department. The findings also stated that the list was updated throughout each day, and the firm's WSPs required Gravelle to check the list on a daily basis. The findings also included that Gravelle's entry of false information in connection with the trades rendered his firm's books and records inaccurate.

The suspension was in effect from July 5, 2011, through July 11, 2011. ([FINRA Case #2008014712201](#))

Richard Arnold Hansen (CRD #236308, Registered Principal, Villanova, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hansen consented to the described sanction and to the entry of findings that after receiving material non-public information concerning two companies, and knowing that the information had been misappropriated, he used the information in deciding to purchase and sell securities of those companies in accounts he controlled, thereby deriving illegal profits. ([FINRA Case #2010024226001](#))

Daniel Glenn Hatch (CRD #2352770, Registered Principal, Chesterton, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Hatch's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hatch consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 with material information.

The suspension is in effect from June 20, 2011, through September 19, 2011. ([FINRA Case #2010021621301](#))

Todd Evans Hemphill (CRD #2499214, Registered Representative, Round Lake, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hemphill consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for documents and information concerning possible sales practice and other violations in connection with his sale of a mutual fund to a member firm customer. The findings stated that through counsel, Hemphill informed FINRA that he would not respond to the FINRA request and no longer desired to cooperate with FINRA in the investigation. ([FINRA Case #2011026133501](#))

Monte Sue Houston (CRD #2842322, Registered Representative, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Houston consented to the described sanctions and to the entry of findings that she offered and sold an entity's bonded life settlement investment to her client without her member firm's knowledge or consent. The findings stated that as a result of Houston's recommendation, the client invested \$100,000 with the entity, and Houston received a \$5,000 commission for the transaction. The findings also stated that the investment purported to provide a 12 percent annual rate of return for

four years, at which time the client was to receive a return of her principal; however, the entity filed for bankruptcy protection in a U.S. Bankruptcy Court with a trustee appointed to oversee its bankruptcy estate. The findings also included that Houston failed to provide her firm with prior notice of her participation in this securities transaction.

The suspension was in effect from June 20, 2011, through July 11, 2011. ([FINRA Case #2010021906701](#))

Hsin-Chin Hsu aka Hsin-Chuan Hsu aka Henry Hsu (CRD #1655196, Registered Representative, Marlboro, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Hsu fraudulently transferred profitable trades that were originally billed to customer accounts to his relatives' accounts, resulting in profits to one of the relative's account of approximately \$47,118 and profits to the other relative's account of approximately \$2,625. The findings stated that Hsu caused these fraudulent transfers by submitting trade correction forms to his member firm's wire room that included photocopies of firm managers' signatures without their knowledge or approval. The findings also stated that the firm is in the process of making restitution to the affected customers. ([FINRA Case #2008015805401](#))

Paul Tao Jan (CRD #4670769, Registered Representative, Snohomish, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Jan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Jan consented to the described sanctions and to the entry of findings that he attempted to arrange an outside third-party business loan for a prospective client without obtaining written authorization or otherwise notifying his member firm; if successful, Jan would have received a referral fee. The findings stated that the potential client agreed and Jan, using his personal email account on his home computer, sent the prospective client a detailed client information sheet from an outside lender; the document Jan sent required the prospective client to provide numerous pieces of information relating to the potential loan, including a passport number, business tax ID number and bank account information. The findings also stated that Jan requested a copy of the potential client's passport and a copy of a bank guarantee or standby letter of credit for review and acceptance. The findings also included that although Jan used his personal email account, his signature block identified him as a financial consultant with his firm.

FINRA found that Jan engaged in business outside the scope of his relationship with his firm without providing prompt written notice to his firm, and Jan's conduct was contrary to his firm's written policies and procedures. FINRA also found that along with conducting outside business with a prospective client through his personal email account, Jan admitted to attempting to solicit business from an unspecified number of other customers using his

personal email account. In addition, FINRA determined that, at times, Jan communicated with a customer who had firm accounts through his home email account about details relating to an asset that was to be deposited in one of the customer's accounts. Moreover, FINRA found that Jan knew that his firm's procedures required approval of his email and he thereby circumvented his firm's supervisory procedures and compromised the firm's ability to supervise and monitor his communications with the public.

The suspension was in effect from June 20, 2011, through July 19, 2011. ([FINRA Case #2010021640701](#))

Faran S. Kassam (CRD #4816180, Foreign Associate, London, England) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kassam failed to respond to FINRA requests for information and documents in connection with his sale of CDs. ([FINRA Case #2010025127401](#))

Chadwick Monti Laskey (CRD #5273423, Registered Representative, Cheshire, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Laskey's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Laskey consented to the described sanctions and to the entry of findings that he signed representatives' names on forms related to customer accounts without the representatives' authorization or consent in order to expedite the customers' paperwork. The findings stated that Laskey was the representatives' assistant. The findings also stated that the documents were new account forms, disclosure forms and Individual Retirement Account (IRA) distribution request forms. The findings also included that the customers had signed the forms and authorized the transactions. FINRA found that the representatives knew about the transactions but neglected to sign the documents.

The suspension is in effect from June 20, 2011, through September 19, 2011. ([FINRA Case #2010023259201](#))

Robert Allen Lechman (CRD #1045237, Registered Principal, Oceanside, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Lechman's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lechman consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information and documents.

The suspension is in effect from June 20, 2011, through June 19, 2013. ([FINRA Case #2009017670502](#))

Lester L. Levy (CRD #5354069, Registered Representative, Scarsdale, New York) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Levy's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Levy consented to the described sanctions and to the entry of findings that while employed as a risk arbitrage research analyst with a member firm, Levy lied during conference calls convened for him to respond to questions FINRA posed regarding his involvement in Internet blogging activity. The findings stated that throughout his employment with the firm as a research analyst, Levy regularly posted responses to columns and articles published on Internet financial blog/media sites. The findings also stated that Levy made his blog postings using different aliases and posted his comments on the blog sites during business hours using his firm computer.

The suspension is in effect from June 20, 2011, through December 19, 2011. ([FINRA Case #2009018050201](#))

Ryan G. Lockhart (CRD #5478643, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lockhart consented to the described sanction and to the entry of findings that he cashed checks from customer accounts at a bank where he was employed, without authorization, and deposited the cash into his own bank account on each occasion; the transactions totaled \$13,500. The findings stated that bank officials informed Lockhart that he had withdrawn the funds without authorization, and Lockhart subsequently offered to, and did, repay the amounts withdrawn from the customer accounts with interest; none of the withdrawals involved funds from an account held at a FINRA-regulated entity. The findings also stated that in withdrawing \$13,500 from customer bank accounts without the customers' or the bank's permission or authorization, Lockhart converted the funds. The findings also included that Lockhart refused to cooperate with FINRA's investigation by failing to appear for a FINRA-requested on-the-record interview. ([FINRA Case #2010024112501](#))

Thomas Arthur Mallen Jr. (CRD #4825329, Registered Representative, Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000, which includes disgorgement of \$3,499.97 in commissions, and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Mallen's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mallen consented to the described sanctions and to the entry of findings that he recommended to a customer of his member firm, and effected in her account, the purchase of bank preferred

stocks without having reasonable grounds for believing that the recommendations were suitable for the customer in light of her investment objectives, financial situation and needs. The findings stated that the customer accepted Mallen's recommendation and purchased approximately \$174,000 of those securities, which represented approximately 50 percent of the customer's liquid net worth; Mallen over-concentrated the customer's liquid assets in these securities. The findings also stated that although the preferred bank stocks were rated investment grade and ostensibly would satisfy the customer's desire for income, they were too risky for the customer. The findings also included that prior to Mallen's recommendation, there had been several reports and articles expressing concern about the stability of one of the issuers, which was placed into a conservatorship, and the other issuer filed for Chapter 11 bankruptcy protection. FINRA found that the customer's investment in the preferred stocks is currently worth over just \$5,000, and the trades generated gross commissions of approximately \$3,499.97.

The suspension is in effect from June 20, 2011, through August 19, 2011. ([FINRA Case #2009017399502](#))

Robert William Martin Jr. (CRD #2886326, Registered Principal, Plainsboro, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for two months. In light of Martin's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Martin consented to the described sanction and to the entry of findings that he recommended to customers, an elderly married couple, and effected in their account, the purchase of a preferred stock for \$100,000, without having reasonable grounds for believing that the recommendation was suitable for the customers in light of their investment objectives, financial situation and needs. The findings stated that the customers' opening account documentation indicated that their primary investment objective was income, and the over-concentration of the customers' entire net worth in one preferred stock was unsuitable; the value of the preferred stock declined almost 70 percent. The findings also stated that Martin sold the customers' shares for approximately \$31,733, which meant they realized a loss of approximately \$68,267 on the investment; the trade generated gross commissions of approximately \$2,060.

The suspension is in effect from June 20, 2011, through August 19, 2011. ([FINRA Case #2009017399503](#))

Robert Lawrence McMillan Jr. (CRD #1827968, Registered Representative, Kettering, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon McMillan's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, McMillan consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4.

The suspension is in effect from June 20, 2011, through September 19, 2011. ([FINRA Case #2008015141701](#))

Philip Charles McMorrow (CRD #835197, Registered Principal, Methuen, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. The fine must be paid either immediately upon McMorrow's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, McMorrow consented to the described sanctions and to the entry of findings that he was the president and CCO of his member firm and was responsible for supervising a registered representative and his hedge fund and for supervising the firm's compliance department. The findings stated that although the hedge fund lost value, the representative reported to each investor an inflated value of the investor's share of the fund on quarterly account statements because he did not want to cause a panic among the investors. The findings also stated that McMorrow failed to reasonably supervise the representative's operation of the hedge fund and failed to follow up on incidents that should have resulted in additional supervisory scrutiny; he failed to follow up on his request for supporting documentation relating to the representative's valuation of the fund after he sought to take a distribution of a portion of his own personal investment. The findings also included that McMorrow requested the representative obtain an independent financial audit of the fund, but the representative delayed and offered excuses so that the audit wasn't performed until almost two years later; the stalling was a red flag that should have prompted McMorrow to obtain the documentation and audit.

FINRA found that McMorrow knew that the representative was producing account statements and newsletters but failed to ensure that he or his designee reviewed and approved them. FINRA also found that McMorrow's failure to reasonably supervise the representative, his failure to follow up on his requests and identify red flags permitted the representative to engage in his misconduct and mislead hedge fund investors although a timely audit and review of account statements and the requested supporting documentation would have assisted McMorrow in detecting that the fund was losing more than represented and the representative was reporting inflated valuations to his investors.

The suspension was in effect from June 20, 2011, through July 1, 2011. ([FINRA Case #2009018183201](#))

John Paul Mondello (CRD #338042, Registered Representative, Glen Head, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mondello consented to the described sanction and to the entry of findings that he misappropriated \$585,376.20 from an elderly customer. The findings stated that Mondello regularly instructed the customer to give him funds from her savings and checking

accounts in the form of cash, personal checks and cashier's checks made payable to him, which the customer believed were for investment purposes. The findings also stated that instead, Mondello converted the funds to his own use. The findings also included that Mondello diverted funds that the customer gave him to pay life insurance policy premiums to his own personal use. ([FINRA Case #2009019573901](#))

Miguel Angel Murillo (CRD #4875997, Registered Representative, Bayshore, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 20 business days and ordered to pay partial restitution of \$35,000 to a customer. In light of Murillo's financial status, the sanctions include partial restitution and do not include a monetary fine. Without admitting or denying the allegations, Murillo consented to the described sanctions and to the entry of findings that he recommended and effected excessive transactions in a customer's account that were unsuitable in light of the customer's financial situation, needs and investment objectives. The findings stated that Murillo controlled and directed the trading in the customer's account by recommending and executing all the transactions in the account. The findings also stated that the customer was unable to evaluate Murillo's recommendations, did not understand the meaning of "margin," and was unable to exercise independent judgment concerning the transactions in the account due to his lack of investment knowledge and limited English skills; the customer trusted Murillo completely to make and execute recommendations in his account. The findings also included that Murillo did not have a reasonable basis for believing that the volume of trading he recommended was suitable for the customer in light of information he knew about the customer's financial circumstances and needs, and given the amount of commissions and fees the customer was charged; and as a result, the transactions Murillo recommended and executed were unsuitable, even if the investment objectives were speculative as reflected on the customer's new account form.

FINRA found that the customer told Murillo that he wanted a conservative retirement account set up because he was nearing retirement age and could not risk any losses with his funds; nevertheless, the new account forms listed the customer's investment objective as speculation and his risk tolerance as aggressive. FINRA also found that the trades were excessive in number and resulted in excessive costs to the customer's account, and the vast majority of the transactions in the customer's account were effected through the use of margin and resulted in the customer incurring additional costs in the form of margin interest. In addition, FINRA determined that although the customer signed a pre-completed margin agreement, along with other pre-completed new account forms Murillo sent to him, the customer did not understand margin and did not realize that Murillo was effecting trades on his account on margin. Moreover, FINRA found that owing to the customer's lack of investment knowledge and inability to decipher his monthly account statements, the customer was unaware that he had a margin balance and did not understand the risk of the margin exposure in his account; at one point, the customer's account had a margin

balance of approximately \$106,818.52 while the account's equity was approximately \$67,479.98. Furthermore, FINRA found that the transactions on margin Murillo effected in the customer's account were unsuitable for the customer in view of the size and nature of the account and the customer's financial situation and needs.

The suspension was in effect from July 18, 2011, through August 12, 2011. ([FINRA Case #2008014728701](#))

Daniel Francis O'Leary Jr. (CRD #4365580, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O'Leary consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for documents and information in connection with an investigation into the unauthorized disclosure of a client's information and the ensuing unauthorized exchange of more than \$140 million between certain share classes of a money market fund. The findings also stated that through counsel, O'Leary informed FINRA that he would not respond to the inquiry. ([FINRA Case #2010024890101](#))

Trace Randall O'Neal (CRD #5529602, Associated Person, Toledo, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O'Neal consented to the described sanction and to the entry of findings that he received customer premium refund checks directly from a state-underwritten insurance program that were made out to the customer entitled to the refund. The findings stated that O'Neal endorsed some customer premium refund checks totaling \$508, deposited them into his business account and used the funds for his own purposes, without permission or authority from the customers, his member firm or the state-underwritten insurance program. ([FINRA Case #2009021037601](#))

Leroy Henry Paris II (CRD #1130854, Registered Principal, Jackson, Mississippi) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for six months. Without admitting or denying the findings, Paris consented to the described sanctions and to the entry of findings that as his member firm's president, CEO and registered principal, he had overall supervisory responsibilities for the firm, including reviewing and performing due diligence for private placements and for reviewing and approving new products, including the assignment of a new product to a business unit. The findings stated that Paris signed a sales agreement for a private placement offering and failed to perform due diligence beyond reviewing the private placement memorandum (PPM), and while he had received third-party due diligence reports regarding earlier private placements, he did not seek or obtain a report for the latest offering and did not conduct any continuing due diligence or follow-up because of the limited time between offerings, the similarity of the deals and representations from the issuer that no additional due diligence was necessary. The

findings also stated that unlike earlier offerings, there were serious red flags that Paris could not identify without adequate due diligence. The findings also included that in his firm's sale of several offerings by another issuer, Paris failed to perform due diligence even though his firm received a specific fee related to due diligence purportedly performed in connection with each offering.

FINRA found that Paris did not travel to the issuer's headquarters to conduct due diligence and did not seek or request any financial information other than what was contained in the PPM. FINRA also found that once he had concluded that his firm could sell the offerings, Paris did not conduct any continuing due diligence or follow-up, and due to limited time between the offerings, the similarity of the deals and representations from the issuer that no material changes had occurred, he concluded that no additional due diligence was necessary. In addition, FINRA determined that Paris did not believe it necessary to pay for due diligence reports for the new offerings because they would say the same thing as previous reports but they did identify numerous red flags. Moreover, FINRA found that Paris should have scrutinized each of the offerings given the high rates of return to ensure they were legitimate and not payable from proceeds of later offerings, as in a Ponzi scheme. Furthermore, FINRA found that Paris, acting on his firm's behalf, failed to maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations with respect to the offerings.

The suspension is in effect from July 18, 2011, through January 17, 2012. ([FINRA Case #2009019070102](#))

Jared Austin Poe (CRD #4884505, Registered Representative, Marina Del Rey, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for 18 months and ordered to pay restitution in the total amount of \$125,000, plus interest. The fine and restitution must be paid either immediately upon Poe's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Poe consented to the described sanctions and to the entry of findings that he borrowed a total of \$125,000 from an elderly customer of his member firm without seeking or obtaining his firm's approval for any of these loans. The findings stated that Poe and the elderly customer memorialized the loans by executing a promissory note in which Poe promised to repay the \$125,000 that he had borrowed; Poe has not repaid any portion of the loans. The findings also stated that Poe completed the firm's annual sales questionnaire and falsely answered "no" in response to a question that asked whether he had received loans from any of his clients or family members who have accounts at the firm within the preceding 12 months. The findings also included that the firm terminated Poe and, on a Uniform Termination Notice for Securities Industry Registration (Form U5), reported that Poe had been under internal review for violating firm policy by borrowing money from a client; thereafter, Poe caused his Form U5 to be amended to include a comment addressing

the internal review in which Poe stated, among other things, that the loan at issue was made by the elderly customer, who he had known since adolescence and served as a mentor and pseudo-grandfather. FINRA found that Poe had not known the customer since adolescence and had met the customer several years earlier when he had solicited him to become a client.

The suspension is in effect from July 18, 2011, through January 17, 2013. ([FINRA Case #2010021867401](#))

Victor Manuel Rivera Jr. (CRD #2001799, Registered Representative, Clifton, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rivera consented to the described sanction and to the entry of findings that he converted a total of \$94,000 from customers' brokerage accounts at his member firm and affiliate. The findings stated that Rivera, without authorization, forged a customer's signature on related authorizations to effect the conversion of funds to a bank account of Rivera's relative for Rivera's personal use without the customers' authorization for the transfer of funds. The findings also stated that by forging customers' signatures on the authorizations, Rivera, in the conduct of his business, failed to observe high standards of commercial honor and just and equitable principles of trade. ([FINRA Case #2011026691301](#))

Jose Salvador Rubio (CRD #1854133, Registered Representative, Miami, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Rubio failed to respond to FINRA requests to appear for on-the-record testimony. ([FINRA Case #2009018879801](#))

Priscilla G. Sabado (CRD #4650234, Registered Representative, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sabado consented to the described sanction and to the entry of findings that she offered and sold entities' oil and gas investments to several of her clients without her member firm's knowledge or consent. The findings stated that the SEC filed a partially settled civil injunctive action alleging that the entities and an individual had fraudulently sold investments in Texas oil and gas projects, raising approximately \$22 million from investors nationwide. The findings also stated that as a result of Sabado's recommendations, some of her current firm clients made investments with the entities totaling \$491,880. The findings also included that Sabado failed to provide her firm with prior notice of her participation in these securities transactions. ([FINRA Case #2010022394901](#))

Alan English Smith (CRD #2201854, Registered Principal, Los Altos, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Smith provided partial responses to FINRA requests for information and

failed to provide requested documents. The findings stated that Smith engaged in outside business activity without providing prompt written notice to, and receiving written approval from, his member firm by serving as executor of a customer's estate and as successor trustee to the customer's trust. The findings also stated that Smith understood that he would receive compensation when he was required to perform the duties, and he did receive compensation for performing the duties of executor and trustee; his firm's procedures required written notice of outside business activities, and the firm's written approval, before a representative could engage in such activity. The findings also included that Smith never notified his firm that he had accepted the appointment to serve as the executor of the estate, and never received his firm's written approval. FINRA found that the customer's heirs filed a lawsuit against Smith, which resulted in a default judgment against him for \$851,985.81; the judgment included compensation for various substantial diversions of funds from the customer's accounts, her trust and her estate, including diversion of annuity funds from the customer's grandchildren to Smith's relatives by substituting his relatives as beneficiaries. ([FINRA Case #2008014961701](#))

Shane Anthony Sterling (CRD #4640502, Registered Representative, Pleasant Hill, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sterling consented to the described sanction and to the entry of findings that he recommended and conducted a pattern of unsuitable mutual fund switches in the accounts of customers, some of whom were seniors, and several with limited investment experience and financial resources. The findings stated that Sterling recommended that each of these customers buy and sell class A mutual fund shares in their investment accounts at Sterling's firm, which he serviced; these customers accepted the recommendation and purchased and sold class A mutual fund shares in their investment accounts. The findings also stated that for these transactions, Sterling recommended and purchased mutual funds outside of the fund family when he could have switched to other funds within the same fund family cost-free, or at a much lower cost to the customer; by switching outside of the fund family, the customers incurred another front-end sales load for each class A mutual fund buy transaction in their account, and this pattern of mutual fund switching in each of these customers' accounts was unsuitable. The findings also included that Sterling represented on his firm's documents that each of the transactions was unsolicited when, in fact, Sterling recommended and solicited the transactions. ([FINRA Case #2010022525001](#))

Joseph Andrew Sugg II (CRD #5061692, Registered Representative, Flower Mound, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sugg consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information concerning his sale of certain promissory notes. The findings stated that despite partially complying with previous requests, Sugg failed to provide the requested information. ([FINRA Case #2010025102401](#))

Colby R. Swartz (CRD #5595698, Registered Representative, New York, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Swartz consented to the described sanction and to the entry of findings that he reported to his member firm that he passed the Series 7 examination when, in fact, he received a failing score. The findings stated that Swartz submitted to his firm a document that he represented was a photocopy of his score report, which reflected a passing score. The findings also stated that Swartz knew, or should have known, that the documents he submitted to his firm were neither the original nor a true copy of the score report as he received it from the testing center, and that they falsely represented that he had passed the examination when he had not. ([FINRA Case #2008016187201](#))

Sammie Bernard Taylor (CRD #4542843, Registered Representative, Columbia, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Taylor consented to the described sanctions and to the entry of findings that he received \$11,000 from a customer purportedly for an investment in Taylor's relative's business; Taylor did not provide the customer with a written loan agreement, purchase agreement or any other documentation memorializing the transaction. The findings stated that the customer gave Taylor a cashier's check for \$11,000, made payable to Taylor; Taylor negotiated the check and received \$11,000 in cash from his financial institution. The findings also stated that only after his member firm confronted him did Taylor return the funds to the customer, thereby misusing the funds for several weeks.

The suspension is in effect from July 18, 2011, through January 17, 2012. ([FINRA Case #2009018240401](#))

Cheryl Ann Villani (CRD #4662140, Registered Representative, Brookline, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Villani consented to the described sanction and to the entry of findings that she engaged in outside business activities without providing prompt written notice of those activities to her member firm. The findings stated that Villani acted to conceal her outside business activities from the firm by claiming that she was not engaged in any such activities on firm outside business activity disclosure reports and, when the firm interviewed her, Villani denied the existence of a limited liability company she owned and managed, and insisted that she had not engaged in conduct that constituted outside business activities; these claims were false. ([FINRA Case #2009017944301](#))

Evely de Jesus Vivenes de Villalon (CRD #2957650, Foreign Associate, Caracas Mirowda, Venezuela) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Vivenes de Villalon failed to respond to FINRA

requests for information and documentation regarding her sale of CDs. ([FINRA Case #2010025127601](#))

Jeffrey Ernest Willard (CRD #4399211, Registered Representative, Kirkland, Washington) was fined \$60,656.47, which includes \$50,656.47 in disgorgement of commissions, and suspended from association with any FINRA member in any capacity for two years. The fine shall be due and payable if and when Willard re-enters the securities industry. The sanctions were based on findings that Willard made material written misrepresentations to his member firm in connection with purchases of a \$2 million variable universal life insurance policy (VUL) and a \$6 million VUL policy for a customer. The findings stated that Willard made misrepresentations to his firm by claiming on multiple occasions that his customer had inherited \$2.5 million when, in fact, he knew that she had not yet inherited the money because the relative from whom she was inheriting the money was still alive. The findings also stated that the misrepresentations were material because Willard made them in the context of seeking firm approval for purchases of multi-million dollar insurance policies. The findings also included that Willard's firm issued the VULs and Willard received commissions that totaled approximately \$50,656.47.

The suspension is in effect from June 20, 2011, through June 19, 2013. ([FINRA Case #2008014563401](#))

Jacen Darrel Work (CRD #2647664, Registered Principal, Ashburn, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Work consented to the described sanctions and to the entry of findings that he requested and received the answer key for a state's LTC CE exam and distributed it to a financial advisor outside of his member firm. The findings stated that certain states began implementing a LTC CE requirement that obligated financial advisors to complete a LTC CE course and exam before selling LTC insurance products to customers who resided in that state. The findings also stated that in order to help financial advisors obtain the LTC CE requirement, Work's firm provided them with vouchers that allowed financial advisors to take the CE exams for free through a specific company. The findings also included that in addition to providing financial advisors with vouchers, certain firm employees improperly created, requested, received and distributed the answer keys for state LTC CE exams.

The suspension is in effect from July 18, 2011, through August 17, 2011. ([FINRA Case #2009021029621](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of June 30, 2011. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

ACAP Financial, Inc. (CRD #7731, Salt Lake City, Utah) and Gary Hume (CRD #1216949, Registered Principal, Syracuse, Utah). The firm was fined \$75,000, required to revise its procedures to comply with the requirements of Section 5 of the Securities Act of 1933, required to retain an independent consultant to review and approve the firm's revised procedures, and suspended from the activity of receiving unregistered penny stocks, including those represented by unlegended stock certificates, and liquidating those positions, until it has implemented its revised procedures after the independent consultant's approval. Hume was fined \$10,000, suspended from association with any FINRA member in any principal capacity for one year, and required to requalify by examination as a principal before reentering the securities industry in any principal capacity. The sanctions were based on findings that the firm and a registered representative of the firm sold more than 27 million unregistered shares of a thinly traded penny stock into the public markets on behalf of customers, which resulted in proceeds of approximately \$46,000 to the customers. The findings stated that no registration statement was in effect, and the sales involved interstate activity because the shares were sold into the over-the-counter market and were quoted on the Pink Sheets, a national communications medium. The findings also stated that the firm and the registered representative failed to undertake adequate efforts to ascertain the information necessary to determine whether the customers' unregistered shares could be sold in compliance with Section 5 of the Securities Act, and failed to make any inquiry into whether the customers were underwriters or whether the transactions were part of a distribution of securities of the issuer, but relied on the lack of a restrictive legend on the stock certificates and the clearance through transfer without restriction. The findings also included that the firm and Hume, its compliance officer, failed to take appropriate action to cause the firm to adopt and implement appropriate procedures for handling the sale of stock deposited in unlegended certificate form, and as a result, Hume failed to take the steps necessary to ensure the firm had procedures reasonably designed to detect and prevent the sale of illegal sales of securities. FINRA found that the firm and Hume failed to adequately supervise a registered representative in connection with the sale of unregistered securities and failed to establish, maintain and enforce WSPs.

The firm and Hume appealed the decision to the NAC and the sanctions are not in effect pending the appeal. ([FINRA Case #2007008239001](#))

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

Gregory Allen Baldwin (CRD #1856003, Registered Principal, Hendersonville, North Carolina) was named as a respondent in a FINRA complaint alleging that he raised \$2,940,000 from investors through the sale of securities in the form of limited partnership interests, without providing prior written notice to, or obtaining written approval from, his member firm. The complaint alleges that Baldwin formed an investment capital fund for which his investment adviser firm served as general partner. The complaint also alleges that in annual attestations, Baldwin acknowledged the requirement that he notify the firm prior to engaging in any private securities transaction away from the firm. The complaint further alleges that Baldwin received selling compensation as a result of the investments in the capital fund; Baldwin and/or his investment adviser firm were reimbursed for various expenses and Baldwin received fees in his capacity as general partner of the limited partnership totaling \$156,925.53. The complaint also alleges that there were wire transfers totaling \$6,100 to another account in Baldwin's name, wire transfers in the amounts of \$35,000 and \$40,000, respectively, from the investment capital fund's bank account to Baldwin's personal investment account at his firm, and money from the fund's bank account was used to pay Baldwin's personal credit card expenditures of \$48,231.32. In addition, the complaint alleges that Baldwin's customer instructed him to liquidate all of his shares for an entity and to send him a check for the proceeds of the sale; Baldwin agreed to liquidate the shares and to send the customer a check for the sale proceeds. Moreover, the complaint alleges that Baldwin told the customer that he was not yet able to liquidate the securities, as the firm was giving him a hard time, and instead of following the customer's instructions and liquidating the shares, Baldwin transferred the shares to an account he controlled, without the customer's knowledge or authorization, thereby making improper use of the customer's shares. Furthermore, the complaint alleges that Baldwin informed his firm that the customer was already an investor in the fund and wanted to add his other securities to his already existing investment; therefore his firm approved the transfer of the securities to the fund's account. The complaint also alleges that Baldwin subsequently informed the customer that he had liquidated the securities, receiving \$366,000 for the sale; when the customer requested the sale proceeds, Baldwin told him he had invested the customer's monies in the capital fund and that he could not disburse funds at that time because the funds were commingled with other investors' monies. The complaint further alleges that after the customer expressed his dissatisfaction and need for funds, Baldwin sent him \$50,000; other than these funds, the customer never received the proceeds of the sale of his securities. In addition, the complaint alleges that when Baldwin

retained the proceeds that should have been remitted, he made improper use of the customer's funds. Moreover, the complaint alleges that Baldwin failed to respond to FINRA requests for documents and information and to appear for FINRA on-the-record testimony. ([FINRA Case #2009019632401](#))

Matthew Morgan Dooley (CRD #2507851, Registered Representative, Mill Valley, California) was named as a respondent in a FINRA complaint alleging that he made unsuitable recommendations to customers to purchase inverse, leveraged ETFs when the customers' chosen investment objectives were growth and income, not speculation and day trade. The complaint alleges that the fact that Dooley repeatedly caused the customers to hold the ETFs for longer than one day demonstrated his fundamental misunderstanding of these securities, such that any recommendation he made pertaining to them could not have been based on reasonable grounds. The complaint also alleges that as a result of Dooley's unsuitable recommendations, the customers experienced market losses totaling approximately \$45,307. The complaint further alleges that a customer contacted Dooley to complain about the losses she suffered from Dooley's ETF trades; the customer subsequently told Dooley to invest her money in certain bonds but he did not honor the customer's request and continued to purchase and sell the ETFs. In addition, the complaint alleges that the customer contacted the firm's president to complain about Dooley's failure to honor her instructions; the firm's president immediately contacted Dooley to obtain additional information about the circumstances surrounding the customer's complaint. Moreover, the complaint alleges that Dooley contacted the customer and gave her a handwritten note stating that he would pay her \$1,000 per month for 18 months. The complaint further alleges that Dooley made four payments to the customer totaling \$2,500 but never notified anyone at the firm about these payments and did not obtain the customer's written authorization to make these payments; at no time did Dooley ever contribute any funds to the customer's account. Furthermore, the complaint alleges that Dooley failed to respond to FINRA requests for documents and information. ([FINRA Case #2009020930301](#))

Russell Philip Macke (CRD #1882345, Registered Representative, St. Louis, Missouri) was named as a respondent in a FINRA complaint alleging that he engaged in excessive trading and use of margin in customers' accounts by taking advantage of his discretionary authority over the customers' accounts. The complaint alleges that in doing so, Macke caused these customers to pay excessive margin interest, commissions and fees; Macke was the broker of record for these accounts. The complaint also alleges that these customers received approval for the use of margin on their accounts, but the customers gave Macke authority over their accounts in writing to purchase one stock position a day, with this permission being limited to the lesser of 1,000 shares or \$50,000, and to sell any positions at any time; Macke's supervisor approved this written discretionary authority. The complaint further alleges that Macke's supervisor revoked the approval for the written discretionary authority for the customers' accounts because the supervisor was uncomfortable with the losses in these accounts. In addition, the complaint alleges

that the trading volume in the accounts was inconsistent with the customers' financial circumstances and investment objectives in light of the customers' experience, investment objectives, risk tolerance and financial resources. Moreover, the complaint alleges that the customers were unable to evaluate Macke's recommendations and trading strategy, did not understand the use of margin, and were unable to exercise independent judgment concerning the transactions in their accounts; the customers completely trusted Macke to make and execute recommendations in their accounts. ([FINRA Case #2008016437801](#))

Anthony Gerard Manaia (CRD #1506665, Registered Principal, Lake Angelus, Michigan) was named as a respondent in a FINRA complaint alleging that he made material misrepresentations and omitted facts to customers in connection with investments in private placements; Manaia also negligently omitted to disclose to the investors material information necessary for certain affirmative representations not to be misleading. The complaint alleges that after the firm suspended the sales of one private placement for delinquent principal payments, it decided that to let customers invest, they would have to sign hold-harmless letters that would hold the firm, Manaia and his investor adviser harmless for any loss incurred in investing in the private placement; Manaia instructed his assistant to mail the hold-harmless letters to the firm's customers who had signed subscription agreements. The complaint also alleges that certain of the customers who received Manaia's cover letter had already completed a subscription agreement for the purchase of the offering notes, and the hold-harmless letter clearly provided that notes could not be purchased through Manaia's firm unless the investors signed and returned the letter; as a result, the customers were required to reaffirm their investment decision or decline to invest in light of the disclosure in the hold-harmless letter that previous offerings by the issuer were in default. The complaint further alleges that by attaching the cover letter to the hold-harmless letter, Manaia demonstrated his intention that the customers consider the content of the cover letter in connection with their decisions to proceed with or cancel their subscriptions. In addition, the complaint alleges that Manaia made various misleading representations about the issuer and the offering in the cover letter, which he had received from the issuer. Moreover, the complaint alleges that Manaia made material misrepresentations and omitted to disclose material information in electronic communications sent to individuals who invested, or were solicited to invest, in private placements by characterizing the investment as safe. Furthermore, the complaint alleges that at the time Manaia made the representations, he knew, or should have known, that they were inaccurate or were misleading without additional disclosures. ([FINRA Case #2009018818101](#))

Kim Nazarek (CRD #1225824, Registered Representative, Santa Rosa, California) was named as a respondent in a FINRA complaint alleging that he conducted investment-related and retirement seminars where he used and distributed invitations, presentation materials and documents that constituted sales literature to the general public, and was required, but failed, to obtain the approval of a registered principal of his member firm before using or causing the distribution of the seminar sales literature. The complaint

alleges that Nazarek authored a book about investing, of which he distributed copies to some of his firm customers; the book constituted sales literature and Nazarek failed to obtain a firm principal's approval to distribute the book. The complaint also alleges that while associated with another member firm, Nazarek changed the content of his retirement seminar and used and distributed a new PowerPoint presentation, which the firm principal had not approved, and the firm was not aware that Nazarek was using or distributing it. The complaint further alleges that although Nazarek had submitted the new PowerPoint presentation for approval, the firm had requested revisions that Nazarek had not yet provided to the firm; Nazarek later submitted the revised presentation to the firm and a registered principal of the firm approved it. In addition, the complaint alleges that Nazarek failed to prominently disclose his firm's name in sales literature that he distributed to the public or his member firm's clients. Moreover, the complaint alleges that the PowerPoint presentations Nazarek used and distributed contained discussions of registered investment company products; these materials required review and approval by FINRA's Advertising Regulation Department within 10 business days of first use, but he failed to submit the presentation to his firm for approval, which caused a failure to file this item of sales literature with FINRA's Advertising Regulation Department. Furthermore, the complaint alleges that with respect to the other presentation while Nazarek was associated with the second firm, that firm approved it, but Nazarek did not inform the firm that he had made a first use of the presentation; as a result of Nazarek's failure to disclose this first use to his firm, the firm never filed the presentation with FINRA's Advertising Regulation Department. The complaint also alleges that in Nazarek's presentations and book, he provided misleading, exaggerated and/or unwarranted and false statements to the public. The complaint further alleges that Nazarek's PowerPoint presentations and book contained the misleading representation that he was a Certified Senior Advisor (CSA); CSA is not a lifetime designation and must be renewed annually, and Nazarek no longer held the CSA designation at the time he presented and/or distributed these items of sales literature while associated with his firm since his designation was revoked. In addition, the complaint alleges that in his book, while discussing registered investment company products, Nazarek failed to advise the investor to consider the investment objectives, risks and charges/expenses of the investment company carefully before investing; explain that the prospectus and, if available, the summary prospectus contain this and other information about the investment company; identify a source from which the investor may obtain a prospectus and, if available, a summary prospectus; and state that the prospectus and, if available, the summary prospectus should be read carefully before investing. ([FINRA Case #2008013818701](#))

Joseph James Sciarra Jr. (CRD #1576322, Registered Principal, Wellington, Florida) was named as a respondent in a FINRA complaint alleging that he received a total of \$393,935 from a member firm customer for investment purposes, endorsed the checks and either cashed them or deposited them into a bank account. The complaint alleges that Sciarra never deposited the checks or the proceeds from the checks into the customer's account at

his firm. The complaint also alleges that Sciarra has not repaid the customer's estate the \$393,935 he received from the unauthorized ownership and control he exercised over the customer's \$393,935. The complaint further alleges that Sciarra's firm expressly prohibits its representatives from converting customer payments or funds to their own account or accounts the representative controls. In addition, the complaint alleges that Sciarra failed to respond to FINRA requests for information. ([FINRA Case #2010022840501](#))

Blair Alexander West (CRD #2647767, Registered Principal, Southampton, New York) was named as a respondent in a FINRA complaint alleging that his member firm entered into an agreement with a corporate client to advise it on various possible transactions, including capital raising and/or a merger or acquisition. The complaint alleges that West's firm identified a capital source to potentially provide the client with an equipment loan. The complaint also alleges that the capital source and the client agreed to a term sheet concerning the proposed transaction; pursuant to the term sheet the client was required to make an initial deposit of \$113,513.68, which represented the first and last payment that would be due under the proposed transaction. The complaint further alleges that under the term sheet West's firm arranged, the capital source and the entity agreed that the firm would hold the entity's deposit until closing. In addition, the complaint alleges that the entity wired the deposit to an account West's firm controlled; shortly thereafter, and unbeknownst to the client, West caused his firm to disburse the deposit to other firm accounts. The complaint further alleges that later, the firm disbursed a portion of the funds to West's personal bank account, and West used the entirety of the deposit to pay firm business expenses and to pay his personal expenses. Moreover, the complaint alleges that after the capital source and the client terminated the term sheet, the client asked West's firm to release the deposit back to the entity but the firm did not have the funds, and West put off the client with a series of excuses. Furthermore, the complaint alleges that after the client complained to FINRA that its funds had been converted, West repaid the entity with a wire from his personal bank account in the amount of \$113,483.68. The complaint also alleges that in connection with a private contingency offering, West established a bank account at a bank to hold investors' funds who purchased shares in the offering until the minimum contingency was met, but the account was not a bank escrow account and failed to conform to SEC requirements. The complaint further alleges that West caused his firm to release a portion of the funds raised to itself as payment of its fees before the minimum contingency was met. ([FINRA Case #2009018076101](#))

**Firm Expelled for Failure to Pay Fines and/
or Costs Pursuant to FINRA Rule 8320**
Europa Securities, LLC (CRD #28493)

Oviedo, Florida
(June 1, 2011)
FINRA Case #2009016164101

**Firms Expelled for Failure to Supply
Financial Information Pursuant to
FINRA Rule 9552**
**Intermountain Financial Services, Inc.
(CRD #15386)**

Heber City, Utah
(June 27, 2011)
FINRA Case #2010021333301/FPI100022

**Private Company Marketplace, Inc.
(CRD # 143045)**

New York, New York
(June 30, 2011)

**Structured Capital Resources Corporation
(CRD #120426)**

Rockwall, Texas
(June 15, 2011)

YSC Global Securities, Inc. (CRD #36992)

New York, New York
(June 30, 2011)

**Firms Cancelled for Failure to Pay
Outstanding Fees Pursuant to FINRA
Rule 9553**
**American Beacon Partners, Inc.
(CRD #15791)**

Eau Claire, Wisconsin
(June 16, 2011)

First Merger Capital, Inc. (CRD #44083)

New York, New York
(June 16, 2011)

Forge Financial Group, Inc. (CRD #100020)

Lantana, Florida
(June 1, 2011)

Gilt-Edged Equities, LLC (CRD #115735)

New York, New York
(June 1, 2011)

Omni Brokerage, Inc. (CRD #16878)

South Jordan, Utah
(June 1, 2011)

Paloma Securities L.L.C. (CRD #24234)

Greenwich, Connecticut
(June 27, 2011)

**Pinnacle Financial Group, LLC
(CRD #131674)**

Orlando, Florida
(June 14, 2011)

San Francisco Securities, Inc. (CRD #43629)

Canoga Park, California
(June 1, 2011)

TVA Capital LLC (CRD #135442)

Newton, Pennsylvania
(June 27, 2011)

Firms Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

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

Equifinancial LLC (CRD #136708)
Miami, Florida
(April 7, 2011 – June 28, 2011)

MSA Securities, LLC (CRD #150557)
Santa Monica, California
(April 7, 2011 – June 15, 2011)

North Woodward Financial Corp. (CRD #104097)
Birmingham, Michigan
(June 6, 2011 – June 16, 2011)
FINRA Case #2011025854601

Potomac Securities, LLC (CRD #144443)
Ashburn, Virginia
(June 3, 2011 – June 17, 2011)

Potomac Securities, LLC (CRD #144443)
Ashburn, Virginia
(April 7, 2011 – June 17, 2011)

Private Company Market Place, Inc. (CRD #143045)
New York, New York
(June 3, 2011)

Resourcive Capital, LLC (CRD #145504)
Poway, California
(June 3, 2011)

YSC Global Securities, Inc. (CRD #36992)
New York, New York
(June 3, 2011)

Firms Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553

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

American Beacon Partners, Inc. (CRD #15791)
Eau Claire, Wisconsin
(June 19, 2011)
FINRA Arbitration Case #10-04504

Harrison Douglas, Inc. (CRD #16515)
Aurora, Colorado
(June 19, 2011)
FINRA Arbitration Case #09-06869

MAM Securities, LLC (CRD #124620)
Sherman Oaks, California
(June 28, 2011)
FINRA Arbitration Case #10-04407

San Francisco Securities, Inc. (CRD #43629)
Canoga Park, California
(June 3, 2011)
FINRA Arbitration Case #11-00165

Steven L. Falk & Associates Inc. (CRD #14297)
Las Vegas, Nevada
(June 2, 2011)
FINRA Arbitration Cases
#10-04075/10-04326

Weston International Capital Markets LLC (CRD #130742)
New York, New York
(June 29, 2011)
FINRA Arbitration Case #10-05253

Firm Suspended for Failing to Pay an Arbitration Award Pursuant to FINRA Rule 9554

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

Harrison Douglas, Inc. (CRD #16515)
Aurora, Colorado
(June 21, 2011)
FINRA Arbitration Case #09-06647

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.)

Curtis Alan Boggs (CRD #1824473)
Cincinnati, Ohio
(June 13, 2011)
FINRA Case #2009020014501

Howard Aaron Borenstein (CRD #1178134)
Chicago, Illinois
(June 10, 2011)
FINRA Case #2009020081101

William Ernesto Castillo (CRD #5568596)
Key West, Florida
(June 24, 2011)
FINRA Case #2010023338401

Sonya Lynne Combs (CRD #4807201)
Highland, California
(June 27, 2011)
FINRA Case #2010022390101

David Kristian Evansen (CRD #1579910)
Boca Raton, Florida
(June 10, 2011 - June 14, 2011)
FINRA Case #2009020694401

Marc Stephen Forni (CRD #5485362)
New York, New York
(June 27, 2011)
FINRA Case #2010024718101

Gloria Jean Guide (CRD #4769621)
New Freedom, Pennsylvania
(June 6, 2011)
FINRA Case #2010022257801

Henry Setiadi Hendrawan (CRD #4836317)
San Francisco, California
(June 24, 2011)
FINRA Case #2010022657101

Elliot Allen Kravitz (CRD #1459880)
Cincinnati, Ohio
(June 24, 2011)
FINRA Case #2010022141901

Todd Patrick Mauro (CRD #2740168)
Middle Island, New York
(June 24, 2011)
FINRA Case #2010022337101

Ricky Toyohiko Meyer (CRD #4897212)
Aurora, Colorado
(June 24, 2011)
FINRA Case #2010025745101

Steven E. Michaud (CRD #2743493)
North Providence, Rhode Island
(June 24, 2011)
FINRA Case #2010025452701

Jason Robert Mishica (CRD #5337494)
Burnsville, Minnesota
(June 10, 2011)
FINRA Case #2010024292801

Ryan Daniel Qualls (CRD #4631555)
Downers Grove, Illinois
(June 14, 2011)
FINRA Case #2010022724601

Karlos Ramos (CRD #5423571)

Tampa, Florida
(June 6, 2011)
FINRA Case #2010024063901

John Rodriguez (CRD #4695465)

West Covina, California
(June 10, 2011)
FINRA Case #2010023676401

Mitchell Harris Sloane (CRD #2166032)

Brightwaters, New York
(June 24, 2011)
FINRA Case #2010023263801

Kent Duane Sweat (CRD #1157627)

Heber City, Utah
(June 27, 2011)
FINRA Case #2010021333301/FPI100022

James Charles Wenzel (CRD #1863795)

Las Vegas, Nevada
(June 24, 2011)
FINRA Case #2010024181001

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

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

Marcelle Long (CRD #2679335)

Atlanta, Georgia
(June 20, 2011)
FINRA Case #2008011640602

**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.)

Erin Michelle Bell (CRD #5316645)

Scott, Louisiana
(June 13, 2011)
FINRA Case #2010025459801

Robert A. Blake (CRD #5020765)

Youngsville, Louisiana
(June 13, 2011)
FINRA Case #2010022211101

Rex Dean Bland (CRD #2442941)

Enid, Oklahoma
(June 24, 2011 – August 2, 2011)
FINRA Case #2010022312901

Nancy Smith Brannan (CRD #1065277)

Austin, Texas
(June 9, 2011)
FINRA Case #2010023820601

Joseph Michael Carrino Jr. (CRD #2563438)

Pompano Beach, Florida
(June 2, 2011)
FINRA Case #2010024021101

Shad Nhebi Clayton (CRD #4637068)

Des Moines, Iowa
(June 27, 2011)
FINRA Case #2011026691701

Patrick Michael Coleman (CRD #4001793)

Drexel Hill, Pennsylvania
(June 6, 2011)
FINRA Case #2009020084301

Lauren Catherine Hood (CRD #4729596)
Gibson City, Illinois
(June 30, 2011)
FINRA Case #2010022449901

Mikal Keahey Johnson (CRD #4988857)
Richardson, Texas
(June 16, 2011)
FINRA Case #2009020417001

Emmanuel Tetteh Kpabitey (CRD #5539227)
Bronx, New York
(June 17, 2011)
FINRA Case #2011026262601

Christopher Kuhlhoff (CRD #5103604)
Thousand Oaks, California
(June 27, 2011)
FINRA Case #2010025724901

Phi Van Le (CRD #5069866)
Los Angeles, California
(June 20, 2011)
FINRA Case #2010025356701

James Joseph Lesinski (CRD #1552051)
Glencoe, Illinois
(June 16, 2011)
FINRA Case #2010022834701

Jason Spencer May (CRD #4255401)
N. Palm Beach, Florida
(June 24, 2011)
FINRA Case #2009020230501

James Howard Miller (CRD #3115732)
Delray Beach, Florida
(June 30, 2011)
FINRA Case #2010024305901

Robert Douglas Miller Jr. (CRD #4130503)
Lake St. Louis, Missouri
(June 27, 2011)
FINRA Case #2009020422001

Justin R. O'Connor (CRD #5459826)
Glen Ellyn, Illinois
(June 2, 2011)
FINRA Case #2010023506101

Eric Oluwarotimi Olojugba (CRD #2925026)
Danbury, Connecticut
(June 30, 2011 – July 22, 2011)
FINRA Case #2010025656401

Stefan Latchezarov Petrov (CRD #2943568)
Sarasota, Florida
(June 16, 2011)
FINRA Case #2010021106901

Wade Alan Powell (CRD #3004276)
Mason, Texas
(June 24, 2011)
FINRA Case #2010023346101

Christopher Allen Queen (CRD #2556099)
South Ozone Park, New York
(June 2, 2011)
FINRA Case #2011026235601

John Joseph Ryan (CRD #1109643)
Cherry Hill, New Jersey
(June 2, 2011)
FINRA Case #2010025297601

Harley Philip Springer (CRD #5018292)
Atlanta, Georgia
(June 9, 2011)
FINRA Case #2010023831001

Mark Wesley Stephens (CRD #4472630)
San Antonio, Texas
(June 24, 2011)
FINRA Case #2009019212101

Juan R. Toledo (CRD #4418973)
Carolina, Puerto Rico
(June 16, 2011)
FINRA Case #2010022820601

Individual Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553

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

Francis Vincent Lorenzo (CRD #1814018)
Westwood, New Jersey
(June 16, 2011 – June 28, 2011)
FINRA Arbitration Case #09-01620

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

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

Peter Gaetano Amato (CRD #4238664)
Atlantic Highland, New Jersey
(June 28, 2011)
FINRA Arbitration Case #10-04943

Michael Jacob Angel (CRD #4455379)
Lincoln, California
(June 28, 2011)
FINRA Arbitration Case #09-02587

Thomas John Battista (CRD #2541832)
Waltham, Massachusetts
(January 7, 2011 – June 2, 2011)
FINRA Arbitration Case #10-01890

Charles Lee Brickey Sr. (CRD #2106502)
Cordova, Tennessee
(June 14, 2011 – June 16, 2011)
FINRA Arbitration Case #10-02955

Alfred Guy Cali (CRD #1713120)
Huntington Station, New York
(June 14, 2011)
FINRA Arbitration Case #09-00352

Marco Alessandro Caporale (CRD #4375628)
Lithia, Florida
(June 6, 2011)
FINRA Arbitration Case #10-03595

Brian Wayne Dabney (CRD #4458790)
Versailles, Kentucky
(June 6, 2011 – July 14, 2011)
FINRA Arbitration Case #10-01253

Jonathan David DeJulio (CRD #4340297)
Rockledge, Florida
(June 14, 2011)
FINRA Arbitration Case #10-02373

Charles Ernest DeLao (CRD #1368310)
Rancho Bernardo, California
(June 21, 2011)
FINRA Arbitration Case #09-06647

Amelie S. Escher (CRD #5221430)
Princeton, New Jersey
(June 28, 2011)
FINRA Arbitration Case #10-00833

John Eric Faircloth (CRD #2161610)
Wilson, North Carolina
(June 6, 2011)
FINRA Arbitration Case #09-06006

Mark Francis Graham (CRD #1089588)
St. Pete Beach, Florida
(September 16, 2010 – June 2, 2011)
FINRA Arbitration Case #09-03941

Thomas John Guzek Jr. (CRD #2021824)
South Abington Township, Pennsylvania
(June 14, 2011)
FINRA Arbitration Case #09-01311

Jeremy Michael Hart (CRD #2839085)
Windsor, Colorado
(June 6, 2011)
FINRA Arbitration Case #11-00666

Gary Richard Heading (CRD #3034574)
Costa Mesa, California
(June 6, 2011)
FINRA Arbitration Case #10-05397

Robert Martin Jaffe (CRD #256838)
Palm Beach, Florida
(June 28, 2011)
FINRA Arbitration Case #09-05485

Gregory John Januleski (CRD #2214744)
Springboro, Ohio
(June 6, 2011)
FINRA Arbitration Case #10-03967

Brian Anthony Kath (CRD #2998332)
Henderson, Nevada
(October 24, 2005 – June 2, 2011)
FINRA Arbitration Case #05-01487

David Louis Klein (CRD #2034286)
Okeechobee, Florida
(June 6, 2011)
FINRA Arbitration Case #10-02434

James Ryan Lanier (CRD #4702771)
Tallahassee, Florida
(June 28, 2011)
FINRA Arbitration Case #10-04830

Allan Marvin Levine (CRD #601366)
Philadelphia, Pennsylvania
(April 1, 2011 – June 6, 2011)
FINRA Arbitration Case #09-01769

Feltus Barrow McKowen (CRD #1231747)
Baton Rouge, Louisiana
(June 14, 2011)
FINRA Arbitration Case #08-04690

Robert Bryan Mullen (CRD #4971602)
Grand Junction, Colorado
(June 14, 2011)
FINRA Arbitration Case #10-04222

Laura Michelle Rowley (CRD #2463642)
Houston, Texas
(August 7, 2008 – June 6, 2011)
FINRA Arbitration Case #05-06273

Tracy Brian Seegott (CRD #2355479)
Palm City, Florida
(May 7, 2010 – June 6, 2011)
FINRA Arbitration Case #06-05227

Douglas Wayne Schriener (CRD #1140409)
Aurora, Colorado
(June 21, 2011)
FINRA Arbitration Case #09-06647

Mitchell Harris Sloane (CRD #2166032)
Brightwaters, New York
(June 28, 2011)
FINRA Arbitration Case #09-07046

David Russell Steckler (CRD #1658021)
Fort Worth, Texas
(June 14, 2011)
FINRA Arbitration Case #09-05805

Forrest Daryl Templeton (CRD #2229193)

Box Elder, South Dakota

(June 28, 2011)

FINRA Arbitration Case #09-06677

Clyde Marshall Thornburg (CRD #1065161)

Bradenton, Florida

(June 14, 2011)

FINRA Arbitration Case #10-03524

Homer Lowry Vining IV (CRD #2154039)

Lawrenceville, Georgia

(June 14, 2011 – July 25, 2011)

FINRA Arbitration Case #10-00145

Shane Barclay Wheeler (CRD #1754293)

Wimauma, Florida

(June 27, 2011)

FINRA Arbitration Case #20110278582/
ARB110029/09-04530

Jessica T. Winczner (CRD #5200210)

Flushing, New York

(June 28, 2011)

FINRA Arbitration Case #10-04969

FINRA Fines Northern Trust Securities, Inc. \$600,000 for Inadequate Supervision of Sales of Collateralized Mortgage Obligations and Certain High-Volume Securities Trades

Firm Failed to Monitor 43.5 Percent of Business for 18-Month Period

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Northern Trust Securities \$600,000 for deficiencies in supervising sales of collateralized mortgage obligations (CMOs) and failure to have adequate systems in place to monitor certain high-volume securities trades.

FINRA found that from October 2006 through October 2009, Northern Trust failed to monitor customer accounts for potentially unsuitable levels of concentration in CMOs, in large part because it used an exception reporting system that failed to capture or analyze substantial portions of the firm's business, including all CMO transactions, certain trades of 10,000 equity shares or more, and certain trades of 250 or more of fixed-income bonds. FINRA found that from January 2007 to June 2008, 43.5 percent of the firm's business was excluded from review.

The absence of systems to monitor equity trades of over 10,000 shares or fixed income trades of over 250 bonds also resulted in a failure to review these trades for suitability, concentration, excessive trading, excessive mark-ups or commissions, or for trading in restricted stocks.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Northern Trust's deficient systems and procedures allowed more than 40 percent of its transactions to proceed without review, which in turn left vulnerable investors exposed to the risk of losing all or a substantial portion of their principal through potential over-concentration in CMOs."

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

Morgan Keegan Ordered to Pay \$200 Million to Investors to Settle Allegations Regarding Sales of Bond Funds

Sales Materials Made Exaggerated Claims and Failed to Disclose Risks; Supervisory System Failures

The Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) and five state regulators from Alabama, Kentucky, Mississippi, South Carolina and Tennessee announced that each has settled enforcement proceedings against Morgan Keegan & Company, Inc. Morgan Keegan will pay restitution of \$200 million for customers who invested in seven affiliated bond funds, including the Regions Morgan Keegan Select Intermediate Bond Fund (Intermediate Fund). Morgan Keegan's affiliate, Morgan Asset Management, managed the funds.

FINRA found that from the beginning of Jan. 2006 to the end of Sept. 2007, Morgan Keegan marketed and sold the Intermediate Fund to investors using sales materials that contained exaggerated claims, failed to provide a sound basis for evaluating the facts regarding the fund, were not fair and balanced, and did not adequately disclose the impact of market conditions in 2007 that caused substantial losses to the value of the Intermediate Fund.

The Intermediate Fund invested predominantly in structured products, including mezzanine and subordinated tranches of structured securities including sub-prime products. Morgan Keegan marketed the Intermediate Fund as a relatively safe, investment-grade fixed income mutual fund investment when, in fact, the fund was exposed to risks associated with its investments in mortgage-backed and asset-backed securities, and subordinated tranches of structured products. By the beginning of 2007, Morgan Keegan was aware that the Intermediate Fund was experiencing difficulties related to the holdings in the fund impacted by turmoil in the mortgage-backed securities market yet failed to adequately disclose those risks in the sales materials or internal guidance. In March 2007, when adverse market conditions began to affect the fund, over 54 percent of the portfolio was invested in asset-backed and mortgage-backed securities, and 13.5 percent was invested in subprime products.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “FINRA acknowledges the efforts of the Securities and Exchange Commission and state securities regulators in resolving this matter against Morgan Keegan and providing restitution to harmed investors. Firms must ensure that their marketing materials fully and accurately describe the products they sell, including the attendant risks and any relevant information about market conditions that may impact those products. By not fully disclosing the risks, Morgan Keegan portrayed the Intermediate Fund as a safer investment than it was.”

FINRA’s settlement includes findings that Morgan Keegan failed to establish, maintain and enforce an adequate supervisory system, including written supervisory procedures reasonably designed to achieve compliance with NASD rules. Morgan Keegan’s supervisory system and written procedures were not reasonably designed to ensure that its sales literature disclosed certain information as to risk and did not contain exaggerated claims. As a result, Morgan Keegan failed to adequately describe the nature, holdings and certain risks of the Intermediate Fund. In addition, beginning in 2007 when the particular risks associated with the Intermediate Fund’s holdings began to impact negatively the holdings in the fund, Morgan Keegan failed to take steps reasonably designed to revise its advertising materials to inform customers of the specific risks of investing in the fund under the current market conditions.