Disciplinary and Other FINRA Actions

Firm Expelled

Bananafina LLC. (Funding Portal Org ID #309121, North Miami, Florida) August 26, 2024 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was expelled from FINRA funding portal membership. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to provide documents and information requested by FINRA in connection with its investigation of one of the firm's offerings. The findings stated that the firm initially cooperated with the investigation but ceased doing so after it provided a partial but substantially incomplete response. (FINRA Case #2023077678601)

Firms Fined, Individuals Sanctioned

HB Securities, LLC (CRD #140356, Newport Beach, California) and Seung Hoon Kang (CRD #7172537, Beverly Hills, California) August 1, 2024 - An AWC was issued in which the firm was censured, fined \$70,000, and required to certify that it has no unregistered individuals acting in a capacity that requires registration and no statutorily disqualified persons associating with the firm. Kang was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in all capacities for 24 months. Without admitting or denying the findings, the firm and Kang consented to the sanctions and to the entry of findings that they permitted a statutorily disqualified individual to continue to associate with the firm. The findings stated that the firm and Kang allowed the individual to be engaged in and direct the management of the firm and its securities business. For example, the individual exercised financial control over the firm. Among other things, the individual, through Kang, directed the firm's operating budget and often directed Kang's approval of firm expenses outside of the budget. The individual also controlled the firm's net capital by deciding for Kang how much net capital the firm should retain and the timing and amounts of distributions made by the firm. In addition, the individual, through Kang, often directed personnel issues at the firm, including the hiring of firm personnel and the amount and timing of compensation paid to firm personnel. The individual, through Kang, also often directed the firm's collection efforts on outstanding accounts and other key aspects of the firm's securities business. The findings also stated that Kang, with the firm's permission, acted in a principal capacity for the firm without registering with FINRA as a General Securities Principal. Specifically,

Reported for October 2024

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).

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Visit www.finra.org/disciplinaryactions to search for cases using key words or phrases, specified date ranges or other criteria.



Kang formed and participated in a management committee that had explicit control over firm management decisions, but in practice, Kang exerted authority over the responsibilities assigned to the committee. Kang also exercised control over the firm's finances, actively engaged in the firm's personnel decisions, and directed key aspects of the firm's securities business. The firm knew Kang was not registered with FINRA in any capacity but nonetheless allowed him to actively engage in the management of the firm's securities business.

The suspension is in effect from September 3, 2024, through September 2, 2026. (FINRA Case #2019064718701)

Portsmouth Financial Services (<u>CRD #13980</u>, San Francisco, California) and Matthew Jason Childs (<u>CRD #3110916</u>, Palm Springs, California)

August 13, 2024 - An AWC was issued in which the firm was censured, fined \$25,000, ordered to pay \$31,667.02, plus interest of \$6,446.72, in restitution to customers, and required to certify that it has reviewed and remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including written supervisory procedures (WSPs). Childs was suspended from association with any FINRA member in all capacities for two months. In light of Childs' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, the firm and Childs consented to the sanctions and to the entry of findings that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with its suitability obligations in connection with transactions involving non-traditional exchange-traded products (NT-ETPs). The findings stated that the WSPs failed to provide any guidance about how to review and evaluate NT-ETP recommendations and, importantly, about how to identify and address potentially unsuitable NT-ETP recommendations. The WSPs did not require supervisors to take any action to assess whether NT-ETP recommendations were consistent with the intended holding periods identified in the products' prospectuses, and the firm did not establish a supervisory system that facilitated such an assessment. In addition, the WSPs did not provide any guidance as to how the intended holding period should be considered in connection with NT-ETP recommendations. The firm also did not establish a supervisory system to ensure that its representatives actually considered the intended holding period before recommending NT-ETPs. Moreover, the firm conducted virtually no training to educate its representatives about the proper use of NT-ETPs, and the firm did not take any steps to confirm that representatives understood the features and risks unique to NT-ETPs before recommending them. As a result of these supervisory failures, the firm failed to detect or address several occasions in which Childs recommended that customers buy and then hold NT-ETPs for potentially unsuitable periods. The findings also stated that Childs recommended that retail customers purchase NT-ETPs without having a sufficient understanding of the risks and features associated with the products, thereby failing to have a reasonable basis to make those recommendations. At Childs' recommendation, the customers purchased daily reset NT-ETP positions and held them for periods ranging from eight to 1,034 days. These customers incurred \$31,667.02 in total net realized losses.

The suspension is in effect from September 3, 2024, through November 2, 2024. (FINRA Case #2019063931601)

Firms Fined

JVM Securities, LLC (CRD #290327, Oak Brook, Illinois)

August 5, 2024 - An AWC was issued in which the firm was censured, fined \$60,000, and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Securities Exchange Act of 1934 Rule 15I-1(a)(1) (Reg BI) by failing to establish and maintain written policies and procedures, and a supervisory system, reasonably designed to achieve compliance with Reg Bl. The findings stated that the firm acted as placement agent for private placement offerings that it recommended to retail customers. During a majority of this period, the firm's written policies and procedures contained no provisions relating to Reg BI. The firm's various updated versions of its policies and procedures discuss Reg BI only in general terms, have not been tailored to the firm's business, and have not prescribed procedures for complying with Reg BI. The firm's current policies and procedures do not specify the steps that registered representatives must take to comply with Reg BI. Nor are the firm's current policies and procedures reasonably designed to achieve compliance with Reg BI's Conflict of Interest Obligation. Although the firm has recommended offerings of securities issued by its affiliates, its policies and procedures do not address potential conflicts of interest relating to those recommendations. As a result, the firm has failed to comply with Reg BI's Compliance Obligation or its Conflict-of-Interest Obligation. The firm also has failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Reg BI. The firm's current WSPs fail to detail the supervisory steps and reviews that should be undertaken by the principal responsible for supervising compliance with Reg BI, including the frequency of those reviews or how the reviews should be documented. The findings also stated that the firm failed to have a supervisory system, including WSPs, reasonably designed to achieve compliance with its customer relationship summary (Form CRS) obligations. The firm's WSPs contained no reference to Form CRS and until the firm subsequently adopted revised WSPs, they were not tailored to the firm's business and did not prescribe procedures for complying with the firm's Form CRS obligations. The findings also included that the firm failed to timely file required documents related to three private placements, and failed to have a supervisory system, including WSPs, reasonably designed to comply with FINRA's filing requirements. The firm made the required filings almost two years late and only after FINRA specifically requested that it do so. This prevented FINRA from timely reviewing the three offerings. No principal of the firm supervised the filing with FINRA of required documents related to private placement offerings; rather, the firm's WSPs designated an individual who was no longer associated with the firm as the principal with this responsibility. Subsequently, the firm updated its WSPs to correct this issue. (FINRA Case #2022073329701)

Pershing LLC (<u>CRD #7560</u>, Jersey City, New Jersey)

August 6, 2024 - An AWC was issued in which the firm was censured, fined \$175,000, and required to pay the regulatory transaction fees as required for unreported fractional share trades executed between June 1997 and June 2023 pursuant to Section 3 of Schedule A to FINRA's By-Laws. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report millions of fractional share trades to the FINRA/Nasdag Trade Reporting Facility (FNTRF), the Over-the-Counter Reporting Facility (ORF), and their predecessors over a 26-year period. The findings stated that during a sample period of 11 years, the firm failed to report over five million fractional share trades with customers to the FNTRF or ORF. As a result, the firm did not pay the regulatory transaction fees associated with these trades. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA's rules for reporting fractional share trades. Although the firm devised a supervisory framework for such reporting in July 2022, the system was not implemented until June 2023. (FINRA Case #2021073236801)

StoneX Financial Inc. (CRD #45993, Winter Park, Florida)

August 6, 2024 - An AWC was issued in which the firm was censured, fined \$70,000, and ordered to pay \$27,074.36, plus interest, in restitution to be paid to corresponding broker-dealers for payment to their customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide best execution with respect to orders in Overthe-Counter (OTC) securities that it received from other broker-dealers for those brokers' customers by failing to use reasonable diligence to ascertain the best market for the subject securities and by failing to buy or sell in such market so that the resultant prices to the customers were as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system was not reasonably designed to achieve compliance with its best execution obligations. The firm's supervisory system for best execution in OTC securities failed to account for price opportunities available through an electronic messaging service, which enabled the firm and other individual market-makers to send each other messages (OTC Link messages) indicating an interest to buy or sell a specific number of shares of a security at a particular price, when evaluating the execution quality of orders

received from customers of other broker-dealers. Because the firm's supervisory system excluded reviews of prices available in OTC Link messages, it had no way to determine whether such orders received an inferior execution to that available via OTC Link messages. The firm later integrated OTC Link messages into its order management system and implemented a new supervisory review to consider OTC Link messages when assessing execution quality in OTC securities' transactions. (FINRA Case #2018057892701)

Morgan Stanley Smith Barney LLC (CRD #149777, Purchase, New York) August 13, 2024 – An AWC was issued in which the firm was censured and fined \$400,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it provided non-institutional customers with confirmations that either inaccurately disclosed or did not disclose required mark-up or mark-down information for transactions involving municipal securities or corporate debt securities. The findings stated that the firm did not include the time the trade was executed and references and hyperlinks to the Electronic Municipal Market Access (EMMA) system and Trade Reporting and Compliance Engine (TRACE) webpages containing the security-specific trading data on non-institutional customer confirmations for fixed price corporate primary market or agency primary market and fixed price municipal securities primary market transactions. The firm selfidentified these matters and reported them to FINRA. The findings also stated that the firm did not establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Municipal Securities Rulemaking Board (MSRB) Rule G-15 and FINRA Rule 2232. The firm did not have any reasonably designed process in place to test the accuracy of the information in its internal systems that triggered mark-up and mark-down disclosures on non-institutional customer confirmations. In addition, the firm did not reasonably evaluate whether its internal systems accurately captured offsetting trading activity involving one of its affiliates. As a result, the firm did not timely detect that it was not capturing trade data from an affiliate and, therefore, was not disclosing or was inaccurately disclosing mark-ups and mark-downs on confirmations involving transactions executed with that affiliate. The firm's supervisory system also was not reasonably designed to ensure that it complied with the time-of-execution and security-specific Uniform Resource Locator (URL) disclosure requirements. Furthermore, the firm did not include the time of execution and a security-specific URL on non-institutional customer confirmations unless a mark-up or markdown disclosure was also required, and its WSPs only required the firm to review confirmations for time-of-execution and security-specific URL disclosures where a mark-up or mark-down disclosure was required. As a result, the firm was unable to detect the time-of-execution and security-specific URL disclosure omissions described herein. Subsequently, the firm revised its procedures to address and conform with the requirements of MSRB Rule G-15 and FINRA Rule 2232. (FINRA Case #2021069319401)

American Portfolios Financial Services, Inc. (CRD #18487, Holbrook, New York) August 15, 2024 – An AWC was issued in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement an anti-money laundering (AML) compliance program, including written procedures, reasonably designed to detect and cause the reporting of suspicious activity in low-priced securities. The findings stated that although the firm's procedures identified red flags of suspicious activity in low-priced securities, they failed to provide guidance regarding how to detect suspicious activity and how to monitor for those red flags. The procedures also failed to provide guidance on how to conduct or document a review of an identified red flag, including whether additional investigation, customer due diligence measures, or a Suspicious Activity Report (SAR) filing might be warranted. In addition, the firm's AML compliance program failed to include appropriate risk-based procedures for conducting ongoing customer due diligence, including how and when to identify and report suspicious transactions in low-priced securities. In practice, to detect potentially suspicious activity concerning low-priced securities, the firm relied exclusively on an exception report prepared by its clearing firm that showed basic information concerning deposits of low-priced securities. However, the report did not show historical or aggregated information and, therefore, was not a reasonable tool to identify patterns of suspicious activity in low-priced securities. Nor did the firm conduct ongoing due diligence of customers transacting in low-priced securities. The firm also failed to take reasonable steps to monitor and investigate transactions in low-priced securities that raised red flags in accounts held by customers. Each of these customers engaged in a suspicious pattern of depositing shares of low-priced securities, liquidating some or all of those shares, and withdrawing the funds shortly thereafter. Many of the liquidations occurred during spikes in share price and volume or during promotional campaigns. In addition, the firm failed to reasonably investigate at least one of these customers who had disciplinary history presenting increased risk and was engaged in marketing work for issuers of low-priced securities. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933. In practice, the firm relied primarily on a low-priced security questionnaire completed by the registered representative on the account to determine if low-priced securities deposited at the firm were freely tradeable. The questionnaire directed representatives to attach documents and information evidencing the transaction through which the customer acquired the shares. The questionnaire, however, did not specify what documentation should be collected and reviewed prior to the deposit or sale of low-priced securities or explain how to verify information provided by customers. The firm did not have a reasonable process for documenting its review of the questionnaire or ensuring that registered representatives completed the required questionnaire. As a result, the firm failed

to consistently collect and maintain all the necessary documentation to determine whether deposited securities were freely tradeable. In addition, on multiple occasions, the firm failed to conduct independent due diligence before allowing customers to deposit and liquidate potentially restricted securities. (FINRA Case #2022074134801)

North Capital Private Securities Corporation (CRD #154559, Salt Lake City, Utah) August 15, 2024 - An AWC was issued in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely file offering documents with FINRA for certain private placements. The findings stated that on average, the firm's filings were 163 days late, or 178 days after the first sale of the offerings. The findings also stated that the firm was involved in the preparation of retail communications that violated the content standards in FINRA Rule 2210. The firm reviewed and approved two emails which discussed potential investment opportunities related to stock options owned by employees of pre-Initial Public Offering (IPO) stage companies, and which linked to news articles regarding those companies. The emails were not fair and balanced and failed to provide the reader with a sound basis for evaluating the facts in regard to the potential investment opportunities because they failed to describe the features of this alternative investment structure and failed to prominently disclose the associated risks. In addition, the firm reviewed and approved a slide deck concerning a general overview of various private placement investments. That slide deck failed to prominently disclose that private placement securities are speculative, illiquid, and carry a high degree of risk, including the loss of the entire investment. In addition, two slide decks reviewed and approved by the firm contained language that improperly implied that FINRA endorsed the investment described in the communications. (FINRA Case #2021069382001)

SAL Equity Trading, GP (<u>CRD #29337</u>, Bala Cynwyd, Pennsylvania)

August 16, 2024 – An AWC was issued in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it inaccurately reported to TRACE transactions in TRACE-eligible securities without the required No Remuneration (NR) indicator. The findings stated that due to an error during its transition to a new TRACE reporting system, the firm failed to include the NR indicator in TRACE reports for transactions executed without a mark-up, mark-down, or commission. The firm remediated the issue after FINRA made it aware of the omission. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 6730(d). The firm lacked any supervisory system or written procedures to supervise the use of the NR indicator when reporting trades to TRACE, and the firm did not perform

any review of its use of the NR indicator in its TRACE reports. Subsequently, the firm amended its WSPs to require a supervisory review for the accuracy of the NR indicator when reporting trades to TRACE. (FINRA Case #2022077355801)

Cantor Fitzgerald & Co. (CRD #134, New York, New York)

August 20, 2024 – An AWC was issued in which the firm was censured, fined \$100,000, and ordered to pay \$51,241.16, plus interest, in restitution to corresponding broker-dealers for payment to their customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide best execution with respect to customer orders in OTC securities that it received from other broker-dealers by failing to use reasonable diligence to ascertain the best market for the subject securities and by failing to buy or sell in such market so that the resultant prices to the customers were as favorable as possible under prevailing market conditions. The findings stated that the firm's supervisory system was not reasonably designed to achieve compliance with its best execution obligations. The firm's supervisory system for best execution in OTC securities failed to account for price opportunities available through OTC Link messages when evaluating the execution quality of customer orders received from other broker-dealers. Because the firm's supervisory system excluded reviews of prices available in OTC Link messages, it had no way to determine whether such orders received an inferior execution price to that available via OTC Link messages. The firm later incorporated OTC Link messages into its best execution supervision review and required price adjustments for customers when warranted. However, the review had unreasonably narrow parameters and was not functional for the entire period. Specifically, the firm only reviewed trades that were executed from 9:45 a.m. to 3:45 p.m., when the customer order and OTC Link message were executable for at least five seconds, and when the potential price improvement was at least \$10. These parameters resulted in numerous customer transaction prices in OTC securities not being compared to potentially better priced OTC Link messages. Moreover, a technical issue caused an exception report to generate no data for 75 trading days, further causing the firm to miss potentially better priced OTC Link messages. (FINRA Case #2018057892601)

Barclays Capital Inc. (CRD #19714, New York, New York)

August 22, 2024 – An AWC was issued in which the firm was censured, fined \$1,250,000, required to certify that it has reviewed its systems and procedures identified in the AWC, implemented a reasonably designed supervisory system, including WSPs, and has completed its ongoing remedial efforts to fingerprint required persons. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to fingerprint non-registered associated persons. The findings stated that the firm failed to timely fingerprint and screen for statutory disqualification 2,317 non-registered associated persons

based in foreign locations. The firm is unable to determine how many former non-registered associated persons based in foreign locations should have been fingerprinted and whether any of those individuals were subject to statutory disqualification, because they are no longer associated with the firm. The firm also failed to timely fingerprint 1,663 U.S.-based non-registered associated persons, of which the firm was unable to fingerprint 1,414 of those individuals because they were no longer associated with the firm. The firm was unable to determine whether any of those formerly associated individuals were subject to statutory disqualification. The firm voluntarily commenced remediation efforts prior to FINRA's investigation and as part of its ongoing remedial efforts, it has fingerprinted additional non-registered associated persons who are currently associated with the firm. The findings also stated that the firm failed to make and keep current required fingerprint records for 3,980 non-registered associated persons that it failed to fingerprint. The firm also fingerprinted 534 non-registered associated persons but failed to maintain those fingerprint records. The findings also included that the firm failed to establish, maintain, and enforce a supervisory system and written procedures reasonably designed to achieve compliance with the Exchange Act and FINRA rules regarding required fingerprinting and screening for statutory disqualification of non-registered associated persons. The firm's WSPs failed to require individuals based in foreign locations who become associated with the firm in a non-registered capacity to be fingerprinted and screened for statutory disqualification. The firm's WSP's lacked any procedures to determine whether any employees are exempt from the fingerprinting requirements. In addition, the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with fingerprinting requirements of U.S.based employees. (FINRA Case #2022077331101)

BBVA Securities Inc. (CRD #27060, New York, New York)

August 27, 2024 – An AWC was issued in which the firm was censured, fined \$175,000, and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to use the NR indicator on reports submitted to TRACE. The findings stated that the firm, which did not receive a commission or mark-up or mark-down on those transactions, was required to include the NR indicator. The firm later remediated its failure to include the NR indicator on its TRACE reports by updating its trade reporting software. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the TRACE reporting requirements of FINRA Rule 6730. The firm does not conduct supervisory reviews of TRACE reports for accuracy and instead relies on a review of order information entered into the firm's trading system, as well as rejection notices or similar information provided

from TRACE. Because modifiers and indicators required by FINRA Rule 6730, including the NR indicator, are applied by the firm's reporting software subsequent to order entry, the firm's review of order information cannot detect errors with those indicators or other errors outside of faulty data input. Similarly, the rejection notices and other information from TRACE cannot detect errors outside the scope of those reports, including the firm's failure to include the NR indicator where required. The firm's WSPs also fail to specify how, and which aspects of, the firm's TRACE reports should be reviewed for accuracy, including the accuracy of the NR indicator. (FINRA Case #2022077355501)

BofA Securities, Inc. (<u>CRD #283942</u>, New York, New York) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (<u>CRD #7691</u>, New York, New York)

August 28, 2024 - An AWC was issued in which the firms were censured, fined a total of \$3,000,000, of which \$669,000 is payable to FINRA, and required to certify that they have remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that they failed to establish and maintain a supervisory system and WSPs reasonably designed to detect potentially manipulative trading. The findings stated that the firms relied on a number of third-party automated surveillances to surveil for potentially manipulative activity, including wash trading and prearranged trading. These surveillances were deficient in several respects. Specifically, the parameters in the firms' automated surveillance system were too narrow to identify potentially manipulative wash trading and prearranged trading. Further, the firms did not take reasonable steps to determine whether the parameters were reasonable or whether changes to the parameters or additional surveillances were necessary to reasonably surveil for wash trades and potentially manipulative prearranged trading. In addition, although the firms' procedures included a review process for one of its surveillance systems, the procedures provided insufficient guidance regarding how parameter change decisions should be made or documented. At certain times, Merrill Lynch excluded from its surveillances trading in OTC securities and warrants. Between July 2017 and October 2018, Merrill Lynch failed to have a surveillance system in place to detect wash trading, prearranged trades, matched trades or spoofing and layering in OTC securities because it had failed to purchase the OTC data feed from its thirdparty vendor. Although Merrill Lynch's surveillance system was capable of surveilling for wash trading in warrants in 2016, because of a coding error, the firm did not include warrants in the surveillance modules until January 2019. Furthermore, the firms failed to review alerts generated by three of its wash trading and prearranged trading surveillance patterns in equities and options. The firms did not discover the issue until they responded to a regulatory inquiry, even though there were numerous red flags, such as internal testing results, that should have alerted them to the fact that these alerts were not being reviewed. (FINRA Case #2017055087003)

Place Trade Financial, Inc. (<u>CRD #126867</u>, Raleigh, North Carolina)

August 29, 2024 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it made exaggerated, unwarranted, promissory, and misleading statements on its website, as well as claims about its services, without providing a sound basis for evaluating those claims. The findings stated that previously, FINRA warned the firm that certain communications on its website regarding its services did not provide a sound basis for evaluating the facts or were misleading and exaggerated. Despite the warning, the firm failed to fully address all of the statements identified by FINRA until approximately three years later. (FINRA Case #2022076585601)

Raymond James & Associates, Inc. (CRD #705, St. Petersburg, Florida) and Raymond James Financial Services, Inc. (CRD #6694, St. Petersburg, Florida) August 29, 2024 - An AWC was issued in which Raymond James & Associates was censured, fined \$525,000, ordered to pay \$26,169.04, plus interest, in restitution to eligible customers and Raymond James Financial Services was censured, fined \$1,300,000 and ordered to pay \$85,554.94, plus interest, in restitution to eligible customers. In addition, the firms are required to certify that they have remediated the issues identified in the AWC and implemented reasonably designed supervisory systems, including WSPs. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that they have failed to reasonably supervise the firms' reporting, and timely reporting, of customer complaints via FINRA Rule 4530 filings and amendments to registered representatives' Uniform Application for Securities Industry Registration or Transfer (Form U4) and Uniform Termination Notice for Securities Industry Registration (Form U5). The findings stated that the firms failed to take reasonable steps to ensure that personnel of their firms manually enter into the firms' electronic system certain data required to make quarterly FINRA Rule 4530 filings. The firms also have not established reasonable controls to ensure that associated persons timely notify appropriate personnel of customer complaints. In particular, the firms failed in many instances to promptly research complaints and relay determinations about the reportability of customer complaints to personnel who were responsible for making Form U4 and U5 amendments. Moreover, the firms failed to take reasonable steps to supervise registered representatives' prompt transmission of certain customer complaints to supervisors, and supervisors' prompt transmission of certain customer complaints to personnel responsible for determining the reportability of customer complaints. The findings also stated that the firms failed to reasonably supervise at least 4.7 million mutual fund purchases that the firms' representatives made directly with mutual fund companies on behalf of firm customers. The firms inadvertently employed a data filter that blocked over a million purchases that were made pursuant to periodic investment plans from being ingested into its automated

surveillance system. Upon discovering the data filter during an unrelated review of automated surveillance systems, the firms deactivated it. In addition, the firms failed to review through their automated surveillance system over a million direct business transactions that registered representatives failed to timely match to a firm account. If a transaction remained unmatched after a period of time, the firms' automated surveillance system did not review it. In addition, the firms failed to ingest many transactions into their automated surveillance systems and had not configured their automated surveillance systems to review certain types of direct business transactions. The firms conducted a comprehensive retrospective review of direct business transactions that they failed to supervise and determined that customers incurred approximately \$111,724 in excessive sales charges and commissions in connection with these transactions. (FINRA Case #2018059564801)

Brex Treasury LLC (CRD #299606, Salt Lake City, Utah)

August 30, 2024 - An AWC was issued in which the firm was censured and fined \$900,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its AML program failed to include reasonably-designed procedures for verifying the identities of customers or for identifying and verifying the identities of beneficial owners of legal entity customers based on the risks presented by the firm's customer base, its online account-opening methods, and the nature of the cash management accounts it offered. The finding stated that the firm had expanded its targeted customer base from venture-backed and middle-market companies to a wider market, including a small-business segment. The firm relied on regulatory technology that was not reasonably designed to verify the identities of new customers. The firm verified certain identities and approved new accounts, including small business and other corporate accounts, despite substantive discrepancies and red flags of potential identity fraud. In addition, the firm relied on a manual customer screening process that was not reasonably designed to achieve compliance with the applicable AML requirements. As a result, the firm approved hundreds of potentially fraudulent accounts that attempted over \$15 million of transactions using deposited funds that failed to settle. The firm also failed to have AML policies and procedures reasonably designed to cause the filing of SARs in connection with transactions in these accounts when required. In response to the events described in this AWC, the firm began taking steps to improve its procedures for screening legal entity customers and their beneficial owners, its suspicious activity reporting, and its overall AML program with respect to the issues identified in this AWC. In particular, the firm began updating its policies, procedures, and systems; hiring additional experienced staff, including at senior levels; and engaging a third-party consultant to review the firm's AML program. (FINRA Case #2021071100401)

Individuals Barred

Ryan Thomas Murphy (CRD #4332032, Savannah, Georgia)

August 1, 2024 – An AWC was issued in which Murphy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Murphy consented to the sanction and to the entry of findings that he refused to provide documents and information and to appear for on-the-record testimony requested by FINRA in connection with its investigation into the circumstances surrounding a Form U5 filed by his member firm. The findings stated that the Form U5 disclosed that the firm had discharged Murphy for code of conduct violations involving the creation of inaccurate consolidated statements, improper use of off channel communications, and attempting to personally pay past due fees for a client's safe deposit box. (FINRA Case #2024082044301)

Marat Likhtenstein (CRD #2470480, Brooklyn, New York)

August 5, 2024 – An AWC was issued in which Likhtenstein was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Likhtenstein consented to the sanction and to the entry of findings that he refused to provide documents and information and to appear for on-the-record testimony requested by FINRA in connection to its investigation based on a Form U5 filing by his member firm. The findings stated that the Form U5 disclosed that Likhtenstein was discharged by the firm because he failed to disclose personal loan transactions with a client. (FINRA Case #2024082598101)

Sabrina Hampton (CRD #7144809, Phoenix, Arizonia)

August 8, 2024 – An AWC was issued in which Hampton was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hampton consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA during its investigation into her potential conversion of customer funds. (FINRA Case #2022076988401)

John Christoforidis (CRD #2841315, Garden City, New York)

August 12, 2024 – An AWC was issued in which Christoforidis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Christoforidis consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into potential sales practice violations by him. (FINRA Case #2018056490313)

Michael Darin Dunlap (CRD #3029958, Katy, Texas)

August 12, 2024 – An AWC was issued in which Dunlap was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dunlap consented to the sanction and to the entry of findings that he converted approximately \$9,000 from his member firm's parent company. The findings stated that while associated with his firm, Dunlap also worked for its parent company, a fraternal financial organization that is organized into chapters. Dunlap served as the chapter leader for three chapters, and in his capacity as chapter leader, the parent company issued to him debit cards linked to each chapter's respective bank accounts. The parent company authorized Dunlap to use the chapter debit cards to pay for chapter events and community improvement projects. Dunlap converted approximately \$9,000 of chapter funds for his personal use by charging personal expenses to the chapter debit cards and withdrawing funds from chapter bank accounts without the parent company's authorization. (FINRA Case #2022076685501)

Lawrence Roger Rice (CRD #375304, Wellington, Florida)

August 14, 2024 – An AWC was issued in which Rice was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rice consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation of allegations made in a Form U5 by his member firm. The findings stated that the firm alleged in the Form U5 that Rice failed to timely disclose a pending civil action in which he was named. (FINRA Case #2024081415101)

Christopher Reynolds (CRD #5976029, Monaca, Pennsylvania)

August 16, 2024 - An AWC was issued in which Reynolds was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Reynolds consented to the sanction and to the entry of findings that he caused his member firm to maintain inaccurate books and records by forging customer signatures. The findings stated that without having the customers' permission, Reynolds electronically or hand signed customers' names on hard copy account documents. These account documents included transfer of assets forms and 1035 exchange/rollover/transfer forms and were required books and records of the firm. In addition, Reynolds signed two customers' names on withdrawal forms without the customers' permission or authorization for the withdrawal or surrender. The findings also stated that Reynolds willfully violated Reg BI by recommending that customers make annuity withdrawals or surrenders and reinvest the proceeds in a registered index-linked annuity without having a reasonable basis to believe those transactions were in his customers' best interests. As a result, Reynolds' customers incurred penalties such as surrender charges, the imposition of new, lengthier surrender periods, and tax consequences. The tax consequences could have been avoided if Reynolds recommended 1035 exchanges, as opposed to recommending full withdrawals or surrenders and then moving the money into the new product. After discovering Reynolds' misconduct, his firm either reversed or stopped the customers'

transactions or, when that was not possible, paid the customers restitution. Reynolds also did not conduct a comparative analysis of the advantages and disadvantages of the existing annuities and the new registered index-linked annuity or make a determination that the customers would benefit from the new products. Reynolds thus failed to consider whether the purchases were in the customers' best interest in light of the disadvantages of giving up the prior annuity contracts. Overall, Reynolds' recommendations caused the customers to incur over \$32,000 in surrender fees, in addition to adverse tax consequences. The findings also included that Reynolds caused his firm to fail to retain emails and text messages as part of its books and records by using his personal email account and cell phone to exchange securities-related communications with firm customers. Reynolds did not forward his emails or text messages to the firm for review or retention. (FINRA Case #2022076491301)

Gregory Alan Corrie (<u>CRD #1982814</u>, Meridian, Idaho)

August 20, 2024 – An AWC was issued in which Corrie was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Corrie consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with its investigation into the circumstances giving rise to the Form U5 filed by his member firm. The findings stated that the Form U5 disclosed that the firm had terminated Corrie for excessive use of Unit Investment Trust (UIT) products. Subsequently, the firm filed an amended Form U5 disclosing that its internal review had concluded, and that it had made remediation payments related to Corrie's trading activity. (FINRA Case #2023078217101)

Mehdi Ahmad El Sayed Mohamad (CRD #7474704, Woodside, New York)

August 27, 2024 – An AWC was issued in which El Sayed Mohamad was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, El Sayed Mohamad consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with its investigation of allegations made by his member firm on a Form U5. The findings stated that the Form U5 disclosed that El Sayed Mohamad was discharged by the firm for making unauthorized charges to a customer's affiliate bank credit card for his personal use. (FINRA Case #2024081490001)

Richard Celis Davalos (CRD #7194114, Kyle, Texas)

August 28, 2024 – An AWC was issued in which Davalos was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Davalos consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during its review of an amended Form U5 filed by his previous member firm. The findings stated that the amended Form U5 stated that the firm had initiated an internal investigation of Davalos related to his personal automobile loan application and outside business activity (OBA). (FINRA Case #2023078946501)

Individuals Suspended

Rosanne Rolon Gil (CRD #5635916, Islip, New York)

August 1, 2024 – An AWC was issued in which Gil was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Gil consented to the sanctions and to the entry of findings that she certified to the State of New York that she had personally completed 15 hours of continuing education required to renew her state insurance license when, in fact, another person had completed that continuing education on her behalf.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2023079737001)

Vincent Mallon (<u>CRD #5039515</u>, Massapequa, New York)

August 2, 2024 – An AWC was issued in which Mallon was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Mallon consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2024081404501)

Kim Ray Kunz (CRD #718618, Templeton, California)

August 5, 2024 – An AWC was issued in which Kunz was fined \$7,500, suspended from association with any FINRA member in all capacities for three months, and ordered to pay \$1,927, plus interest, in partial restitution to a customer. The amount of partial restitution is equal to the commission received by Kunz for the customer's bond purchases. Another customer previously brought and settled an arbitration against Kunz and his member firm in which Kunz contributed to the settlement. Without admitting or denying the findings, Kunz consented to the sanctions and to the entry of findings that he willfully violated Reg Bl by recommending that two retail customers invest in a speculative, unrated debt security. The findings stated that the bonds that Kunz recommended to the customers were considered speculative, involved a high degree of risk, were illiquid, and were only suitable for persons with substantial financial resources and with no need for liquidity. Both customers had a stated moderate risk tolerance with an investment object of income and neither included speculation. Kunz's recommendations resulted in one customer having a concentration of more than 65 percent of her liquid net worth in alternative

investments and the other customer having more than 30 percent of her liquid net worth in alternative investments. Kunz earned \$1,927 in commission in connection with one of his recommendations.

The suspension is in effect from September 3, 2024, through December 2, 2024. (FINRA Case #2021070498103)

John Rollin Revelle (<u>CRD #5619752</u>, Jacksonville, Florida)

August 5, 2024 – An AWC was issued in which Revelle was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Revelle consented to the sanctions and to the entry of findings that he drafted, signed, and disseminated asset verification letters on his member firm's letterhead to third parties that contained material misrepresentations without obtaining his firm's approval. The findings stated that the material misrepresentations included incorrectly stating that the individual on whose behalf the letters were sent was a firm customer. In addition, one of the letters materially overstated the value of the individual's assets, including crypto assets, and incorrectly stated that Revelle had verified the individual's assets, even though he had not taken any steps to do so. The findings also stated that Revelle engaged in an OBA that he failed to disclose to the firm. Revelle was employed by a third-party entity—a start-up decentralized crypto exchange—to assist the company in processing investments, for which he earned more than \$29,000.

The suspension is in effect from August 5, 2024, through June 4, 2025. (FINRA Case #2022076194201)

Jack S. Falzone Jr. (CRD #7182129, Kings Park, New York)

August 6, 2024 – An AWC was issued in which Falzone was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Falzone consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2024081398801)

Charles Joseph Riccomini (CRD #7427048, Saint Marys, Kansas)

August 6, 2024 – An AWC was issued in which Riccomini was assessed a deferred fine of \$5,000 suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Riccomini consented to the sanctions and to the entry of findings that he engaged in an OBA without providing prior written notice to his member firm. The findings stated that Riccomini worked as a marketing affiliate for a company that was owned and operated by three other registered representatives of the firm. In his capacity as a marketing affiliate, Riccomini referred potential customers to the company and received a commission if the customers purchased e-commerce storefront services or digital real estate. In total, Riccomini received \$45,040 in commissions for successfully referring multiple customers, including at least one firm customer.

The suspension is in effect from August 19, 2024, through November 18, 2024. (FINRA Case #2024081647102)

Jeffrey Steven Tabak (<u>CRD #856416</u>, New York, New York)

August 6, 2024 - An AWC was issued in which Tabak was fined a total of \$10,000, of which \$722 is payable to FINRA, suspended from association with any FINRA member in any principal capacity for six months, and required to attend and satisfactorily complete 10 hours of continuing education concerning supervisory responsibilities, including manipulative trading. Without admitting or denying the findings, Tabak consented to the sanctions and to the entry of findings that as his member firm's designated principal, he failed to establish, maintain, and enforce supervisory systems and procedures, including WSPs, reasonably designed to achieve compliance with federal securities laws and FINRA rules prohibiting market manipulation in exchange-listed and traded securities. The findings stated that Tabak was designated by the firm as the principal responsible for establishing and maintaining its systems and procedures to detect, investigate, and address potentially manipulative trading in exchange-listed and traded securities. Tabak was also responsible for reviewing, assessing the effectiveness of, and modifying, if necessary, the firm's exception reports designed to detect potentially manipulative activity in exchange-listed and traded securities. The firms WSPs did not reasonably describe how the firm would detect and prevent potentially manipulative trading or provide reasonable guidance to personnel responsible for the surveillance of potentially manipulative trading in exchange-listed and traded securities. The firm's exception reports used to detect potentially manipulative trading in exchangelisted and traded securities did not contain information that a reviewer would need to assess whether the firm's customers were engaged in potentially manipulative trading. Moreover, to the extent the firm's exception reports identified potentially manipulative trading in exchange-listed and traded securities, Tabak failed to ensure that the activity was reasonably investigated, including by failing to require

reasonable documentation of such review or investigation. Finally, Tabak failed to reasonably investigate and address potentially manipulative wash trades in exchange-listed and traded securities in an account of firm's foreign affiliate, which maintained an omnibus account at his firm through which the affiliate's foreign customers bought and sold securities in the U.S. markets.

The suspension is in effect from September 3, 2024, through March 2, 2025. (FINRA Case #2020067122301)

Steven Aibel (CRD #2692818, Huntington, New York)

August 8, 2024 – An AWC was issued in which Aibel was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Aibel consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2024081387401)

John Rosario Emanuele (<u>CRD #1034480</u>, Smithtown, New York)

August 8, 2024 – An AWC was issued in which Emanuele was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Emanuele consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension was in effect from August 19, 2024, through September 18, 2024. (FINRA Case #2024081403101)

Angel Lynn Gulizio (<u>CRD #5311672</u>, Great River, New York)

August 13, 2024 – An AWC was issued in which Gulizio was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Gulizio consented to the sanctions and to the entry of findings that she certified to the State of New York that she had personally completed 15 hours of continuing education required to renew her state insurance license when, in fact, another person had completed that continuing education on her behalf.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2024081399401)

Luis E. Nin (CRD #4372587, Aliso Viejo, California)

August 14, 2024 – An AWC was issued in which Nin was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for one month, and ordered to pay deferred disgorgement of commissions received in the amount of \$2,551.10, plus interest. Without admitting or denying the findings, Nin consented to the sanctions and to the entry of findings that he placed unauthorized trades in a customer account after learning that the authorized party on the account had died. The findings stated that although Nin confirmed the trades with a relative of the deceased, that person did not have trading authority on the account. The trades liquidated the entire account value of over \$260,000 to cash and were done in order to prevent further market losses. Nin received \$2,551.10 in commissions and sales credits as a result of the trades. In connection with placing the trades, Nin inaccurately indicated to his member firm that he had received instructions for the trades from the customer.

The suspension was in effect from August 19, 2024, through September 18, 2024. (FINRA Case #2023078046101)

Marc Barton (CRD #2937356, Fresno, California)

August 15, 2024 – An AWC was issued in which Barton was fined \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Barton consented to the sanctions and to the entry of findings that he reused the signatures of 32 customers on a total of 48 documents, including the signatures of seven customers on 12 documents without the customers' prior permission. The findings stated that the documents, which included new account applications, money transfer forms, and securities purchase documents, were required books and records of the firm. All of the transactions were authorized and none of the customers complained. In addition, Barton altered six documents after they were signed by six different customers. Barton also falsely attested on annual compliance questionnaires that he had not signed or affixed another person's signature on a document.

The suspension is in effect from September 16, 2024, through January 15, 2025. (FINRA Case #2022076254001)

Glenn Allen Donnell (<u>CRD #2239397</u>, Crystal River, Florida)

August 15, 2024 – An AWC was issued in which Donnell was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Donnell consented to the sanctions and to the entry of findings that he exercised discretion without prior written authorization by executing transactions in customer accounts. The findings stated that although the customers had given Donnell express or implied

authority to exercise discretion in their accounts, none of the customers provided written authorization for him to exercise discretion. The findings also stated that Donnell caused two of his member firms to maintain inaccurate books and records by mismarking solicited trades as unsolicited. All of the trades were in marijuana securities, which trade over the counter. At one of the firms, Donnell untruthfully answered the firm's direct inquiries about the solicited vs. unsolicited nature of the trades. While associated to another firm, Donnell marked the trades as unsolicited in order to avoid the firm's trade system block on solicited over-the-counter trades.

The suspension is in effect from August 19, 2024, through December 18, 2024. (FINRA Case #2021072340501)

Stephanie Amundsen Murray (CRD #5469680, Allentown, Pennsylvania) August 19, 2024 - An AWC was issued in which Murray was fined \$10,000, suspended from association with any FINRA member in all capacities for two months, and suspended from association with any FINRA member in any Financial and Operations Principal (FINOP) capacity for one month. The suspensions will run consecutively. Without admitting or denying the findings, Murray consented to the sanctions and to the entry of findings that she shared commissions that were generated from securities transactions with an unregistered person. The findings stated that the unregistered person was involved in the sale of convertible debt on behalf of two companies. In connection with those transactions, those companies paid Murray's member firm finder's fees totaling approximately \$26,000, from which the firm paid Murray commissions totaling \$9,375. Murray then paid the commissions to the unregistered person, whom Murray knew had previously been barred by FINRA from associating with any FINRA member in any capacity. The findings also stated that Murray caused another former firm she was registered with to maintain inaccurate books and records and to file inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. As the firm's FINOP, Murray failed to properly record the firm's expenses on the firm's general ledger and prepared inaccurate monthly FOCUS reports. The firm operated with an Expense Sharing Agreement (ESA) that it had entered into with its parent company. Pursuant to the ESA, the firm was required to pay approximately one-third of the shared expenses incurred. However, the firm did not record or pay its share of the expenses incurred under the ESA and instead made only limited payments to its parent company in arbitrary amounts. Murray did not reasonably ascertain the firm's share of expenses that were due under the ESA and record them accurately on the firm's general ledger. Murray then relied on the firm's inaccurate general ledger to prepare the firm's monthly FOCUS reports. Because the general ledger was inaccurate, the FOCUS reports were also inaccurate.

The suspension in all capacities is in effect from September 16, 2024, through November 15, 2024. The suspension in any FINOP capacity will be in effect from November 16, 2024, through December 15, 2024. (FINRA Case #2021072336101)

Salvatore Rosario Tringali (<u>CRD #5141716</u>, Islip Terrace, New York)

August 20, 2024 – An AWC was issued in which Tringali was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Tringali consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2024081406601)

Andrew Robert Hutcheson (CRD #2539627, Los Angeles, California)

August 21, 2024 – An AWC was issued in which Hutcheson was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Hutcheson consented to the sanctions and to the entry of findings that he engaged in an OBA without providing prior written notice to or receiving approval from his member firm. The findings stated that Hutcheson signed an independent contractor agreement with a company agreeing to, among other things, assist the company to develop its business plan, negotiate partnerships, and to introduce potential investors to the company. The agreement provided that after the company obtained financing, it would pay Hutcheson a monthly fee and a percentage of the funds raised by investors. Three of Hutcheson's customers from the firm invested in the company. Hutcheson received \$13,500 from the company. Hutcheson was required to submit a compliance questionnaire disclosing any OBAs to his firm but he did not disclose his involvement with the company.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2021071510801)

Daniel Brendan Fugiel (CRD #2685120, Ponte Vedra, Florida)

August 22, 2024 – An AWC was issued in which Fugiel was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Fugiel consented to the sanctions and to the entry of findings that he failed to obtain prior written consent from his member firm to open and maintain an outside personal securities account. The findings stated that Fugiel opened the account in his name at another FINRA member firm and did not obtain consent from his firm at any time before the firm discovered it. In addition, Fugiel inaccurately certified to the firm on his annual compliance certification that he had disclosed all applicable trading accounts.

The suspension is in effect from September 3, 2024, through November 2, 2024. (FINRA Case #2023079808701)

Richard Joseph Jackson (CRD #2224335, Long Beach, New York)

August 22, 2024 – An AWC was issued in which Jackson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Jackson consented to the sanctions and to the entry of findings that he made promissory, unwarranted, and exaggerated claims in individual email communications he sent to customers, including unwarranted predictions and projections of future performance. The findings stated that those emails were also not fair and balanced because they omitted key risks associated with the specific stocks or industries discussed in them.

The suspension was in effect from September 3, 2024, through October 2, 2024. (FINRA Case #2022076868701)

David M. Reyes (CRD #5330710, Massapegua Park, New York)

August 22, 2024 – An AWC was issued in which Reyes was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Reyes consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2024081406001)

Richard Foerster Reynolds (<u>CRD #2162706</u>, Melbourne, Florida)

August 22, 2024 – An AWC was issued in which Reynolds was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for three months, and is ordered to pay \$35,950, plus interest, in deferred restitution to a customer. Without admitting or denying the findings, Reynolds consented to the sanctions and to the entry of findings that he excessively and unsuitably traded the account of the senior customer. The findings stated that Reynolds recommended high frequency in-and-out trading to the customer, who had a medium risk tolerance, even when the price of his recommended securities did not materially change. The customer relied on Reynolds' advice and routinely followed his recommendations. Reynolds recommended transactions in the customer's account that generated total trading costs of \$39,436, including \$35,950 in commissions.

The suspension is in effect from September 3, 2024, through December 2, 2024. (FINRA Case #2019060753509)

George Michael Condzal (<u>CRD #1890265</u>, Smithtown, New York)

August 23, 2024 – An AWC was issued in which Condzal was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Condzal consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2023079735901)

William Pergola (CRD #1132631, Plainview, New York)

August 23, 2024 – An AWC was issued in which Pergola was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Pergola consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2023079726401)

Jonathan Farchi-Segal (CRD #7250620, North Miami, Florida)

August 26, 2024 – An AWC was issued in which Farchi-Segal was assessed a deferred fine of \$10,000 and suspended from association with any FINRA funding portal member in all capacities for 12 months. Without admitting or denying the findings, Farchi-Segal consented to the sanctions and to the entry of findings that he initially made false statements to FINRA in response to an information request in connection with a Reg CF offering through his FINRA registered funding portal member firm. The findings stated the purpose of the offering was to raise funds to purchase a luxury handbag and then resell it for a profit. Farchi-Segal incorrectly identified a third party as the prior owner of the luxury handbag, provided FINRA with a purchase agreement purportedly with that same third party, and stated that there was no receipt for the purchase. However, Farchi-Segal was the prior owner of the handbag, the purchase agreement was not authentic, and there was a receipt for the purchase. Ultimately, Farchi-Segal corrected his misstatements in a written response and later further corrected his misstatements during his on-the-record testimony provided to FINRA.

The suspension is in effect from September 3, 2024, through September 2, 2025. (FINRA Case #2023077678602)

Shanon Gut (<u>CRD #5114104</u>, Copiague, New York)

August 26, 2024 – An AWC was issued in which Gut was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Gut consented to the sanctions and to the entry of findings that she certified to the State of New York that she had personally completed 18 hours of continuing education required to renew her state insurance license when, in fact, another person had completed that continuing education on her behalf.

The suspension is in effect from September 16, 2024, through October 15, 2024. (FINRA Case #2023079729701)

Kieran John Loughran (CRD #2826208, Brooklyn, New York)

August 28, 2024 – An AWC was issued in which Loughran was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for three months, and ordered to pay \$43,495.37, plus interest, in deferred restitution to a customer. Without admitting or denying the findings, Loughran consented to the sanctions and to the entry of findings that he excessively and unsuitably traded the account of one customer, a senior who was a farmer and business owner. The findings stated that Loughran recommended high frequency inand-out trading to the customer, even when the price of his recommended securities did not materially change. The customer relied on Loughran's advice and routinely followed his recommendations, and as a result, Loughran exercised de facto control over the account. Loughran's trading in the customer's account was excessive and unsuitable given the customer's investment profile and his in-and-out trading in the customer's account generated total trading costs of \$49,633.24, including \$43,495.37 in commissions, and caused \$179,878 in total realized losses.

The suspension is in effect from September 3, 2024, through December 2, 2024. (FINRA Case #2018056490314)

Stewart Ginn (CRD #4503197, Encinitas, California)

August 29, 2024 – An Order Accepting Offer of Settlement was issued in which Ginn was fined \$50,000, suspended from association with any FINRA member in all capacities for 18 months, and ordered to pay \$115,000, plus interest, in restitution to a customer. Without admitting or denying the allegations, Ginn consented to the sanctions and to the entry of findings that he willfully violated Reg BI by excessively trading customer accounts. The findings stated that none of the customers, some of whom were seniors, was an aggressive investor. Ginn engaged in frequent in-andout trades in the customers' accounts, while charging high commissions on both buys and sells. Ginn's trading caused the customers to incur realized losses of more than \$2.22 million, while generating more than \$2.24 million in commissions for him

and his member firm. Ginn routinely recommended that the customers buy large equities positions, which he often quickly sold, even when the price of the stocks had changed only minimally. Because of the high commissions Ginn charged—generally three percent on buy transactions and two percent on sell transactions—the customers routinely incurred losses on such trades. The series of recommendations that Ginn made to the customers was excessive and was not in those customers' best interests and, when making that series of recommendations, he placed his interests ahead of the interests of those customers. The findings also stated that Ginn recommended a series of transactions to one of the customers that was excessive and quantitatively unsuitable in light of the customer's investment profile. The findings also included that Ginn improperly traded on discretion in a majority of the customer accounts and frequently engaged in buying and selling securities without obtaining customer authorization for each transaction. Disregarding the cumulative impact of his excessive, high-cost trading, Ginn persisted in placing frequent trades in each of the customers' accounts, even as each account incurred substantial realized losses. Ginn's trading resulted in annualized cost-to-equity ratios of between 14 percent to 27 percent in the customers' accounts, making it unlikely they would realize a profit.

The suspension is in effect from September 16, 2024, through March 15, 2026. (FINRA Case #2021072167901)

David Nathan Slater (CRD #2061869, Livingston, New Jersey)

August 30, 2024 – An AWC was issued in which Slater was fined \$7,500 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Slater consented to the sanctions and to the entry of findings that he shared approximately \$500,000 in commissions generated from securities transactions in his customers' accounts with an unregistered person. The findings stated that Slater paid the unregistered person half of the commissions he earned from his work at his member firm as part of a business partnership with that person, including insurance sales, unrelated to the securities industry. Slater and the unregistered person also communicated regarding potential securities recommendations for one or more brokerage customers and met jointly with at least one customer to discuss securities recommendations.

The suspension is in effect from September 16, 2024, through December 15, 2024. (FINRA Case #2022075799001)

Complaints Filed

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

Ben Jen (CRD #7701847, Bedminster, New Jersey) and Raymond Damien Rohne (CRD #1942268, Croton-on-Hudson, New York)

August 1, 2024 – Jen and Rohne were named respondents in a FINRA complaint alleging that they failed to cooperate, or fully cooperate, in FINRA's investigation into their activities regarding a failed sale of shares in a private space exploration company. The complaint alleges that Jen failed to produce certain documents and information requested by FINRA. Among other things, the requests sought documents regarding electronic signatures for a limited liability company that Jen founded and transactions in the space exploration company shares, as well as electronic communications between Jen and certain individuals, including Rohne, regarding the limited liability company, Jen's and Rohne's member firm, a related entity, and their efforts to sell shares of the space exploration company (or interests therein). The documents and information were material to FINRA's investigation. The requested documents and information related to Jen and Rohne's representations to counterparties and potential investors regarding potential securities transactions, their handling of transaction-related documents, and their conduct at their firm. Initially, Jen made a partial but substantially incomplete response to FINRA's request. Later, Jen represented to FINRA that he possessed additional responsive documents and information, including a significant number of additional emails. Ultimately, len failed to produce any additional documents and information requested by FINRA. The complaint also alleges that Rohne failed to appear and provide on-the-record testimony requested by FINRA that was material to its investigation of his potential rule violations and was necessary for it to complete its regulatory mandate to fully investigate potential rule violations. Rohne's failures to appear and provide testimony impaired FINRA's investigation of, among other things, his handling of documents related to the failed transaction involving the space exploration company shares, representations to counterparties and investors regarding the offer and sale of securities, and his conduct and relationship with the limited liability company, the firm, and related entities. (FINRA Case #2022075977501)

Willnard Edwrence Love (CRD #7422353, Florissant, Missouri)

August 6, 2024 - Love was named a respondent in a FINRA complaint alleging that he falsely told his member firm that he had received a passing exam score report on the FINRA Securities Industry Essentials (SIE) exam when he had, in fact, failed. The complaint alleges that when Love's supervisors requested his exam score report, Love knowingly provided his supervisors and others at the firm with a falsified score report that indicated he had received a passing score. (FINRA Case #2023077854301)

Daniel Hoeflinger (<u>CRD #7602554</u>, New York, New York)

August 8, 2024 – Hoeflinger was named a respondent in a FINRA complaint alleging that he failed to provide information and documents requested by FINRA in connection with its investigation of allegations made by his member firm on a Form U5. The complaint alleges that the firm discharged Hoeflinger for integrity concerns that he had provided false information, including documentation, in connection with a paid leave of absence. (FINRA Case #2023078202201)

Christopher Cacace (CRD #4308782, Rockville Centre, New York)

August 15, 2024 – Cacace was named a respondent in a FINRA complaint alleging that while tasked as his member firm's Chief Compliance Officer (CCO) he failed to reasonably supervise, investigate, and respond to red flags of churning, excessive trading, and unsuitable trading by registered representatives of the firm. The complaint alleges that Cacace never restricted or limited the trading by firm representatives in their customers' accounts or took any other meaningful steps to prevent their trading. Although the representatives had extensive regulatory histories and numerous customer complaints related to unsuitable trading, excessive trading, and/or churning, and were the subject of regulatory disclosures that indicated that they were under financial strain, Cacace failed to reasonably supervise them. Cacace also failed to reasonably supervise a representative's churning in one customer's account, and as a result, he failed to reasonably supervise the representative's willful violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Cacace's failure enabled the representatives to engage in potentially excessive and unsuitable trading, and this trading resulted in extensive customer harm. The customers incurred losses of \$709,444 while the firm and its representatives obtained \$546,855 in commissions, fees, and costs.

(FINRA Case #2020065599103)

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

Bournehill Investment Services, Inc. (CRD #104003)

Uniondale, New York (August 26, 2024)

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.)

Fanar Fawaz Almosleh (CRD #7521305)

Carmichael, California (August 19, 2024) FINRA Case #2024081046501

Sebastian G. Bongiovanni (CRD #4398600)

Staten Island, New York (August 5, 2024) FINRA Case #2022077443301

Nicholas C. Camp (CRD #6365278)

Columbus, Ohio (August 13, 2024) FINRA Case #2024081426901

Jessica Lynn Cottee (CRD #6923343)

Indianapolis, Indiana (August 20, 2024) FINRA Case #2024080887501

Samuel Girgiss (CRD #6088898)

Staten Island, New York (August 19, 2024) FINRA Case #2018056490312

Johnathan Ervin Grasser (CRD #6197393)

Los Lunas, New Mexico (August 5, 2024) FINRA Case #2023080709401

Vanessa Oliveira Hendrickson (CRD #6997755)

Coram, New York (August 20, 2024) FINRA Case #2023080788301

Zayed Azaji Rodriguez Regalado (CRD #6915438)

Stamford, Connecticut (August 13, 2024) FINRA Case #2023080305501

Jeffery Bryant Sanders (CRD #6598339)

Union, South Carolina (August 26, 2024) FINRA Case #2024081360501

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.)

lam Aguilar (CRD #7038228)

Fort Worth, Texas (August 23, 2024) FINRA Case #2023080122701

Luke Lasseter Brooks (CRD #7400412)

Gallatin, Tennessee (August 26, 2024) FINRA Case #2024081335201

Glenn Thomas Colangelo (CRD #3182753)

Salem, Oregon (August 2, 2024) FINRA Case #2024081908101

Luis S. Jean-Bart (CRD #5472965)

Keyport, New Jersey (August 5, 2024) FINRA Case #2023080015801

Matthew W. Kagan (CRD #7127797)

Los Angeles, California (August 12, 2024) FINRA Case #2023080722001

Joseph Alan Seidler (CRD #4281220)

Austin, Texas (August 26, 2024) FINRA Case #2023078844301

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

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

Jason William Bostian (CRD #6203051)

Grass Valley, California (August 28, 2024) FINRA Arbitration Case #24-00404

Helen Grace Caldwell (CRD #1957501)

Chicago, Illinois (August 16, 2024) FINRA Arbitration Case #24-00675

Henry Chia-How Chang (CRD #4049732)

Pasadena, California (August 19, 2024) FINRA Arbitration Case #21-01022

Brian Ariel Chicas (CRD #6755115)

Boston, Massachusetts (August 1, 2024) FINRA Arbitration Case #23-03614

Larry Richard Law (CRD #1273118)

San Juan Capistrano, California (August 8, 2024) FINRA Arbitration Case #22-01426

Gaetano Magarelli (CRD #2227996)

North Palm Beach, Florida (August 1, 2024) FINRA Arbitration Case #23-02118

Ryan Scott Stoner (CRD #4725786)

Chicago, Illinois (August 2, 2024) FINRA Arbitration Case #24-00244

Joseph Paul Todaro (CRD #5708585)

Commack, New York (August 12, 2024) FINRA Arbitration Case #23-00391