Disciplinary and Other FINRA Actions

Firms Fined

Banyan Securities, LLC (CRD #22395, Larkspur, California)
February 6, 2025 – An AWC was issued in which the firm was censured, fined $15,000 and required to certify in writing that it has conducted an independent test and revised its written anti-money laundering (AML) program to require independent AML testing each calendar year. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct any independent testing of its AML program in any calendar year from at least 2018 through the present, and its written AML program did not include any procedures providing for independent testing for compliance from February 2022 through the present. (**FINRA Case #2022073318201**)

Curvature Securities LLC (CRD #169708, Chatham, New Jersey)
February 6, 2025 – An AWC was issued in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately calculate its required customer reserve on 32 occasions, resulting in 27 hindsight deficiencies ranging from $20,906 to $6,846,329. The findings stated that each of the hindsight deficiencies resulted from the firm inadvertently omitting the short market values of securities in its customers' cash and margin accounts, and related withholding taxes, when making its weekly customer reserve calculation. This error resulted from the firm mistakenly relying on a data source for its computation that excluded its customers' short market values of securities. Subsequently, in order to address its error and properly calculate its customer reserve formula, the firm took prompt remedial steps by using a comprehensive data source for its customer reserve computation and resolved the hindsight deficiencies in its customer reserve account. The findings also stated that the firm's failure to accurately calculate its customer reserve obligations caused the firm to create and maintain inaccurate books and records. The findings also included that by not including all necessary data when calculating its reserve account requirement, the firm filed Financial and Operational Combined Uniform Single (FOCUS) reports that inaccurately reflected the firm's customer reserve obligation. (**FINRA Case #2023077005701**)

Sentinel Brokers Company, Inc. (CRD #40305, Jupiter, Florida)
February 10, 2025 – An AWC was issued in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to make and preserve accurate books and records and filed inaccurate FOCUS reports. The findings stated that an affiliate of the firm transferred

Reported for April 2025

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

Search for FINRA Disciplinary Actions

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

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

$1,000,000 to it and later made additional transfers to the firm totaling $364,412. The firm treated the $1,364,412 as ownership equity in its net capital calculations and FOCUS reports, despite referring to the funds as loan proceeds in other documents and despite a lack of contemporaneous documentation demonstrating that the funds were ownership equity rather than loan proceeds. Subsequently, the firm amended its Certificate of Incorporation to allow it to issue additional preferred stock. The firm thereafter issued fourteen shares of preferred stock to a second affiliate of the firm, in exchange for the $1,364,412 that the first affiliate previously provided to the firm. The firm should not have treated the funds as ownership equity without contemporaneous documentation supporting that treatment, rendering the firm's net capital computations inaccurate until the firm was able to prove that the funds were ownership equity as demonstrated by the issuance of the preferred stock. During that period, the firm also filed five FOCUS reports that inaccurately stated the firm's minimum required net capital and excess net capital due to the inaccurate treatment of the funds. The findings also stated that the firm conducted a securities business while failing to maintain its required net capital. Because the firm improperly treated the $1,364.412 from the first affiliate as ownership equity, the firm miscalculated its required minimum net capital and excess net capital. The firm continued to conduct a securities business during the period when it lacked the required minimum net capital. The findings also included that the firm failed to file with FINRA and the Securities and Exchange Commission (SEC) the required notices of its net capital deficiencies. (**FINRA Case #2022077353201**)

Stonecrest Capital Markets, Inc. (CRD #39616, Austin, Texas)
February 12, 2025 – An AWC was issued in which the firm was censured, fined $45,000, 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 report 58 transactions to Trade Reporting and Compliance Engine (TRACE) in TRACE-eligible securitized products, 30 transactions in TRACE-eligible corporate bonds, and eight transactions in TRACE-eligible agency debt transactions. The findings stated that the firm initially reported these transactions to TRACE, but the TRACE system rejected them. Although the firm received reject messages, it did not re-report the transactions. These reports constituted approximately four percent of the firm's TRACE-eligible transactions reported during that time. The findings also stated that the firm submitted 35 inaccurate reports to TRACE. For 24 transactions, the firm reported an inaccurate capacity; for six transactions, the firm reported an inaccurate trade price; for four transactions, the firm reported an inaccurate settlement date; and for one transaction, the firm reported an inaccurate transaction size and trade date. These inaccurate reports constituted approximately 1.5 percent of the firm's TRACE-eligible transactions reported during that time. The findings also included that the firm's supervisory

system was not reasonably designed to achieve compliance with TRACE reporting rules. The firm failed to reasonably investigate and act upon red flags relating to its TRACE reporting. Although the firm received and reviewed TRACE reject messages, it did not take reasonable steps to determine and remediate the underlying causes of the rejections. Further, the firm's WSPs did not provide guidance explaining how supervisors should review the firm's TRACE reporting for timeliness or accuracy, did not explain how often supervisors should conduct reviews of TRACE reporting, and did not explain when or how supervisors should escalate TRACE reporting issues. (**FINRA Case #2023077057701**)

GTS Securities LLC (CRD #149224, New York, New York)
February 13, 2025 – An AWC was issued in which the firm was censured and fined $150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published inaccurate monthly reports of executions that contained inaccurate order and execution quality statistics for covered orders in National Market System (NMS) securities required under Regulation NMS Rule 605 of the Securities Exchange Act of 1934 (Exchange Act). The findings stated that due to multiple coding errors, over 80 percent of the approximately 25,000 orders the firm included in the reports did not meet the definition of covered order and, therefore, should not have been included in the reports. In addition, the coding errors caused the firm to report inaccurate share quantities in the time-to-execution groupings and inaccurate average realized spreads. FINRA identified these inaccuracies during an exam and a month later the firm began using a third-party vendor to prepare its Rule 605 reports. Subsequently, the firm published corrected versions of the 23 reports. The findings also stated that the firm did not establish, maintain and enforce a supervisory system, including WSPs, that was reasonably designed to achieve compliance with Rule 605. Specifically, the firm had no supervisory reviews or WSPs to ensure that only covered orders were included in its Rule 605 reports and no reasonable supervisory reviews of the statistical data to determine whether it was accurately calculating the statistics required by the rule. Ultimately, the firm updated its WSPs and implemented reviews addressing covered orders and the accuracy of the statistics in its Rule 605 reports. (**FINRA Case #2021071797801**)

Cova Capital Partners LLC (CRD #109761, Syosset, New York)
February 14, 2025 – An AWC was issued in which the firm was censured, fined $30,000, and required to certify that it has remediated the issues identified in the AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with the Care Obligation of Rule 15l-1(a)(1) (Reg BI) of the Exchange Act. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Reg BI by recommending three private placements to retail customers without conducting

due diligence sufficient to form a reasonable basis to believe that the offerings were suitable for, or in the best interests of, at least some investors. The findings stated that before selling pre-initial public offering (pre-IPO) shares of a company to investors, the firm failed to take reasonable steps to confirm that the issuer in fact possessed rights to the shares of the company, even though acquiring an interest in such shares was the sole purpose of investing in the offering. Moreover, despite knowing that the issuer applied markups to the pre-IPO shares, the firm did not take reasonable steps to determine the amount of the markups applied by the issuer to the shares of the company. As a result, at the time the firm recommended the offering to its customers, it had no reasonable basis to believe that the issuer had access to or possession of the pre-IPO shares identified in the offering documents, or that the issuer's markups were reasonable and properly disclosed. Subsequently, the SEC filed a lawsuit in the Southern District of New York against the issuer and its principals. Among other things, the SEC alleged that the issuer committed fraud by charging undisclosed, excessive markups and not having enough pre-IPO shares to satisfy its sales to investors. The court then entered a stipulation and consent order granting a preliminary injunction and other relief, including appointment of a receiver for the issuer. Ultimately, the U.S. Attorney's Office for the Southern District of New York filed a criminal case naming principals of the issuer as defendants in a multi-count indictment including various felonies, including fraud and conspiracy to obstruct justice. The findings also stated that before selling a second offering to investors, the firm failed to reasonably investigate the issuer's management and thus did not identify that issuer's chief executive officer (CEO) was previously the subject of federal and state regulatory actions related to illegal robocalls to senior consumers. Moreover, before selling a third offering to investors, the firm failed to take reasonable steps to confirm that the issuer in fact possessed rights to the shares of the company. In addition, during its due diligence process, the firm failed to investigate information concerning SEC charges filed against two individuals associated with another pre-IPO fund from which that issuer purported to source company shares. The findings also included that the firm willfully violated Reg BI's Compliance Obligation by failing to establish, maintain, and enforce a supervisory system, including written policies and procedures, reasonably designed to achieve compliance with its suitability and best interest obligations in connection with its sale of private placement offerings. The firm's procedures failed to describe what documents and information should be collected as part of its investigation of each offering. In addition, the procedures failed to identify the individuals responsible for conducting, documenting, and reviewing the due diligence process and granting approval for each offering. The procedures also listed some due diligence steps that were never actually carried out in practice. The findings also included that the firm failed to make a timely filing in connection with one of the private placement offerings. (**FINRA Case #2019060753601**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York)
February 20, 2025 – An AWC was issued in which the firm was censured, fined $275,000, and required to certify in writing that it has remediated the issues identified in this 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 accepted market orders for the purchase of shares of equity new issues prior to the commencement of trading of such shares in the secondary market. The findings stated that in such instances, the firm's representatives received the material terms of market orders prior to the commencement of trading of new issue shares in the secondary market and routed the orders for execution once the secondary market trading for the shares commenced. The findings also stated that the firm failed to establish, maintain, and enforce a reasonably designed supervisory system, including WSPs. The firm's controls and WSPs inaccurately defined "acceptance" for purposes of FINRA Rule 5131(d)(4) as the time the order was routed for execution. Accordingly, the firm's representatives were able to accept the material terms of market orders before trading in the secondary market commenced, and then execute those orders after the market opened – without reasonable controls to reject any orders that were accepted prior to the commencement of secondary market trading. (**FINRA Case #2021070593301**)

MarketAxess Corporation (CRD #44542, New York, New York)
February 25, 2025 – An AWC was issued in which the firm was censured and fined $180,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that made inaccurate and untimely reports to TRACE. The findings stated that the firm reported corporate bond transactions and U.S. Treasury transactions to TRACE with inaccurate executions times. The firm also reported some of the corporate bond transactions to TRACE more than 15 minutes after the time of execution. These inaccurate and late reports occurred due to a technological error, which the firm ultimately resolved. The firm's late reporting constituted a pattern or practice of late reporting without exceptional circumstances. The findings also stated that the firm reported inaccurate times of trade formunicipal security transactions to the Municipal Securities Rulemaking Board (MSRB) Real-time Transaction System (RTRS) due to the firm's incorrect interpretation of time of trade. In addition, some of these transactions were reported to the RTRS more than 15 minutes after the time of trade. The findings also included that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with TRACE and MSRB RTRS reporting obligations in violation of MSRB Rule G-27. The firm's supervisory system, including its WSPs, did not include reasonable reviews to ensure that accurate execution times were reported to TRACE and RTRS. The firm's WSPs subsequently required that the firm perform automated

surveillance of TRACE and RTRS reporting, including timestamps, and conduct a manual review of any surveillance alerts. However, when the firm began performing automated surveillance and manual reviews of surveillance alerts, it continued to report certain municipal bond transactions to RTRS with inaccurate times of trade due to its incorrect interpretation of the meaning of time of trade. (**FINRA Case #2020065254901**)

Young America Capital, LLC (CRD #150443, Mamaroneck, New York)
February 26, 2025 – An AWC was issued in which the firm was censured, fined $50,000, 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 develop and implement a written AML program reasonably designed to achieve compliance with the requirements of the Bank Secrecy Act (BSA) and its implementing regulations. The findings stated that the firm failed to establish and implement policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious transactions. Despite receiving a warning in 2020 from the SEC, the firm's WSPs continued to erroneously state that it had no responsibility to monitor for or report suspicious activity because it does not hold retail brokerage accounts. In addition, the firm's WSPs have failed to provide any guidance regarding how to detect or monitor for suspicious transactions and how to conduct or document a review of an identified red flag. After the firm received a FINRA examination exception, as well as a recommendation as part of its annual AML independent testing, the firm revised its procedures to include red flags of suspicious activity. However, the included red flags were not tailored to the firm's business. Subsequently, the firm's annual AML independent testing report again recommended that the firm revise its procedures to include red flags tailored to its business. To date, the firm's WSPs still do not contain any red flags tailored to its business. Consistent with its WSPs, the firm does not review potential investment banking or merger and acquisition transactions to detect suspicious activity. The findings also stated that the firm failed to provide reasonable AML training to its registered representatives. The firm's AML training was not tailored to its business model and failed to instruct its registered representatives about red flags of suspicious transactions that could occur in connection with its investment banking and merger and acquisition advisory business. Instead, the firm's training was generic and concentrated on potential suspicious transactions in retail brokerage accounts held at the firm. (**FINRA Case #2021069389701**)

Tifin Private Markets LLC (CRD #305935, Boulder, Colorado)
February 28, 2025 – An AWC was issued in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business without maintaining the required minimum net capital. The findings stated that the firm did not accrue expenses for the data services the firm obtained from a vendor as the services were provided. Therefore. the firm understated its liabilities during this period. The firm's net capital deficiencies ranged from $7,587 to $154,830. In addition, from August 1, 2022, to October 14, 2022, while conducting a securities business, the firm failed to accurately accrue expenses for the data services it obtained from the vendor. Rather, the firm accrued only a portion of the actual expenses incurred. During the same period the firm also failed to accrue monthly expenses for consulting fees obtained from another vendor, at the time that those expenses were incurred. Therefore, the firm understated its liabilities during this period, and the firm's net capital deficiency ranged from $194,151 to $298,850. The findings also stated that the firm did not maintain accurate books and records and filed inaccurate FOCUS reports. During the period discussed above, the firm failed to timely and accurately accrue liabilities owed to vendors resulting in the firm maintaining an inaccurate general ledger and making inaccurate net capital calculations. In addition, the firm filed five monthly FOCUS reports that contained these inaccurate net capital calculations. (**FINRA Case #2022077353001**)

Individuals Barred

Gary Steven Costello (CRD #6117388, Lake Worth, Florida)
February 4, 2025 – An AWC was issued in which Costello was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Costello consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into allegations that he had cancelled trades he placed in his personal account and rebilled them to several of his customers' accounts—causing those customers to incur losses for trades they did not place. (**FINRA Case #2023079810101**)

Dora Alicia Soto (CRD #7652737, Cloverdale, California)
February 4, 2025 – An AWC was issued in which Soto was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Soto consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into her member firm's allegations that she submitted expense reports claiming expenses to which she was not entitled that resulted in a loss to the firm. (**FINRA Case #2023080532301**)

Jordan Paul McLendon (CRD #6410265, Nashville, Tennessee)
February 12, 2025 – An AWC was issued in which McLendon was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McLendon consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA as a part of its investigation into the circumstances giving rise to a Uniform Termination Notice for Securities Industry Registration (Form U5) filed by his member firm stating that he was discharged following provision of falsified documentation, failure to cooperate in internal review, and lack of candor. (**FINRA Case #2024082751401**)

Cesar Manuel Casado (CRD #6215747, Saugus, Massachusetts)
February 13, 2025 – An AWC was issued in which Casado was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Casado 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 allegations that he submitted life insurance applications with inaccurate information and discrepancies. (**FINRA Case #2024082919601**)

Roger Albert Taft Gallagher (CRD #5513745, Miami, Florida)
February 19, 2025 – An AWC was issued in which Gallagher was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gallagher 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 an investigation concerning, among other things, the allegations in a criminal indictment filed against him. (**FINRA Case #2024083816801**)

Mary Beth Fisher Spuhler (CRD #1195301, Camp Hill, Pennsylvania)
February 21, 2025 – An AWC was issued in which Spuhler was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Spuhler consented to the sanction and to the entry of findings that she refused to provide information and documents requested by FINRA in connection with its investigation into the allegations that she engaged in personal transactions with clients without prior approval from her member firm. (**FINRA Case #2024083415401**)

Szczepan Kosmaczewski (CRD #7192377, Ridgewood, New York)
February 25, 2025 – An AWC was issued in which Kosmaczewski was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kosmaczewski 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 that originated from its examination of his member firm and a resulting investigation into the recommendations of securities transactions at the firm. (**FINRA Case #2023077024402**)

William Slattery (CRD #7739278, New York, New York)
February 27, 2025 – An AWC was issued in which Slattery was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Slattery consented to the sanction and to the entry of findings that he cheated on the North American Securities Administrators Association (NASAA) Series 66 Uniform Combined State Law Exam. The findings stated that before starting the exam, Slattery attested that he had read and would abide by the NASAA Qualification Examinations Rules of Conduct, which prohibited candidates from acting unethically, dishonestly, or unfairly by cheating or attempting to cheat on the examination. The rules also prohibited the use or attempted use of any personal items, including electronic devices, phone, and personal notes, during the examination and required him to store all personal items in a locker provided by the test vendor prior to entering the test room. During one unscheduled restroom break, Slattery accessed exam study materials and ChatGPT on his cellphone, which he had hidden in the toilet seat cover dispenser of the testing center restroom. After returning to his workstation, Slattery changed his answers to at least two questions based on his review of the prohibited materials on his cellphone. (**FINRA Case #2024083148501**)

Keith Craig Baron (CRD #3231494, Massapequa, New York)
February 28, 2025 – An Office of Hearing Officers (OHO) Extended Hearing Panel (Hearing Panel) decision became final in which Baron was barred from associating with any FINRA member in any capacity and ordered to pay disgorgement of $284,890 plus prejudgment interest. In light of the bar, the Hearing Panel declined to impose any additional fines and suspensions. The sanctions are based on the findings that Baron omitted material information and made misrepresentations to an elderly married couple regarding stock of a company purportedly in the business of acquiring oil and gas leases. The findings showed that Baron entered into a consulting agreement with the company that paid him $10,000 a month, even though the company was not generating any revenue. In return, Baron responded to inquiries from shareholders and other stakeholders, communicated with creditors, and assisted with growth and strategy. Baron represented to the couple that the company was a guaranteed stock and that the price would double within three months. Baron failed to disclose to the couple that he had a consulting agreement with the company. The couple purchased shares of the company stock in four transactions totaling $359,806. None of the stock purchases were executed through Baron's member firm. The company paid Baron $284,890 in compensation following the couples' stock purchases. The findings also showed that Baron failed to disclose his consulting agreement with the company as an outside business activity (OBA) in two annual compliance certifications and renewal data forms he submitted to the firm. Furthermore, Baron failed to disclose his participation in private securities transactions to his firm. Baron knew introducing a customer to the seller of an unapproved investment was a private securities transaction that his firm prohibited without prior approval. The Hearing Panel found that Baron made misrepresentations to his firm by stating that he referred the couple to the

CEO of the company and did not have any involvement or receive compensation regarding their investment there. The Hearing Panel also found that Baron made misrepresentations to FINRA when he stated that he referred the couple to the CEO as an individual he had known for 25 years, not as a referral to the company. (**FINRA Case #2022073772701**)

Tyler Morgan Krol (CRD #7670323, Denver, Colorado)
February 28, 2025 – An AWC was issued in which Krol was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Krol consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into allegations contained in a Form U5 filed by his member firm. The findings stated that the firm filed the Form U5 terminating Krol's registration and disclosing that he had been terminated by its affiliate bank for opening two credit cards for affiliate bank customers without their knowledge or consent and charging over $31,000 for personal use. (**FINRA Case #2024083880501**)

Brett Allen Rutherford (CRD #4001310, Newport, North Carolina)
February 28, 2025 – An AWC was issued in which Rutherford was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rutherford consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with its investigation into the circumstances giving rise to a customer arbitration. (**FINRA Case #2024084337101**)

Individuals Suspended

Justin Ray Deiter (CRD #5225102, Babylon, New York)
February 6, 2025 – An AWC was issued in which Deiter was suspended from association with any FINRA member in all capacities for six months. In light of Deiter's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Deiter consented to the sanction and to the entry of findings that he willfully violated Reg BI by recommending to two retail customers a series of trades that were excessive and not in the best interest of the customers, one of whom was an 89-year-old retiree. The findings stated that Deiter's trading resulted in high turnover rates and cost-to-equity ratios that exceeded the traditional guideposts of six and 20 percent. Deiter's recommended transactions in the first customer's account generated $19,792 in commissions and caused $25,291 in realized losses. The trading in the elderly customer's account generated $28,264 in commissions and caused $33,363 in realized losses.

The suspension is in effect from February 18, 2025, through August 17, 2025. (**FINRA Case #2018056490323**)

Justin Casey Funakura (CRD #5718194, Bakersfield, California)
February 20, 2025 – An AWC was issued in which Funakura was assessed a deferred fine of $10,000, suspended from association with any FINRA member in all capacities for six months, and ordered to pay deferred disgorgement of financial benefits received in the amount of $4,000, plus interest. Without admitting or denying the findings, Funakura consented to the sanctions and to the entry of findings that he participated in private securities transactions by soliciting investors to invest a total of $120,000 in promissory notes issued by a company claiming to operate crypto asset mining and investment programs without prior written notice to, or approval from, his member firm. The findings stated that one of the investors was a customer of the firm. Funakura's involvement in the investments included introducing investors to the investment opportunity, providing information regarding the funds offered by the company to investors, and facilitating their transactions. Funakura received $4,000 as a commission for soliciting these investments. The company later defaulted on the notes. Subsequently, the State of Illinois Secretary of State, Securities Department initiated proceedings against the company and ultimately issued a Final Order of Prohibition, finding, among other things, that the company and related individuals committed fraud in the offer and sale of securities. The findings also stated that on annual compliance questionnaires, Funakura falsely answered "no" to questions asking whether he had engaged in private securities transactions or received compensation for transactions outside of the firm.

The suspension is in effect from March 3, 2025, through September 2, 2025. (**FINRA Case #2023080049001**)

Stephen E. Trask (CRD #1837307, Mechanicsburg, Pennsylvania)
February 20, 2025 – An AWC was issued in which Trask was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Trask consented to the sanctions and to the entry of findings that he exercised discretionary authority to enter stop-loss orders in customer accounts without having prior written authorization. The findings stated that Trask's member firm prohibited representatives from exercising discretionary authority in accounts and had not accepted the customers' accounts as discretionary.

The suspension was in effect from March 3, 2025, through April 1, 2025. (**FINRA Case #2023078291101**)

Kayla Holeman (CRD #7001258, Tacoma, Washington)
February 21, 2025 – An AWC was issued in which Holeman was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Holeman consented to the sanctions and to the entry of findings that she caused her member firm to maintain inaccurate books and records by forging four customer's electronic signatures on documents without their prior permission. The findings stated that one of the forms related to the opening of a securities account was a required book and record of the firm. The transactions at issue were authorized, and no customers complained.

The suspension is in effect from March 3, 2025, through April 16, 2025. (**FINRA Case #2023079933501**)

Michael Louis Miro (CRD #6541594, Yonkers, New York)
February 27, 2025 – An AWC was issued in which Miro was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Miro 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 prior to registering with the firm, Miro began consulting on a full-time basis for a financial technology provider. Under his consulting contract, Miro agreed to provide approximately 40 hours of operational support each week to assist the financial technology provider with a trading data migration project. In April 2022, Miro registered with his firm and continued to provide full-time operational support to the financial technology provider until at least May 2023. Between April 2022 and May 2023, Miro received at least $160,000 in compensation for his consulting services to the financial technology provider. Miro did not notify or seek approval from his firm before engaging in these activities in exchange for compensation. Rather, in his April 2022 onboarding questionnaire, Miro falsely stated that he was not "currently engaged in any other business," and in an annual firm compliance certification, Miro falsely attested that he was not engaged in any undisclosed OBAs.

The suspension is in effect from March 17, 2025, through June 16, 2025. (**FINRA Case #2023079079101**)

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.

Ana Maria Dimco (CRD #6264698, Chelsea, Massachusetts)
February 18, 2025 – Dimco was named a respondent in a FINRA complaint alleging that she improperly used her member firm's funds to make purchases that were not related to any business of her firm. The complaint alleges that Dimco incurred a total of $20,157.92 in charges on the corporate card issued to her to pay for personal expenditures, which were made in contravention to firm policy, such as clothing, travel, a laptop, medical and beauty treatments, and other personal expenses while on an approved medical leave from her firm. The firm requested that Dimco repay the at-issue personal charges incurred on the corporate card, which she failed to do. Because the firm retained financial responsibility for payment on the corporate credit card issued to Dimco, it paid the outstanding balance on the corporate card. The firm then withheld $4,964.26 from Dimco's last paycheck to offset part of this cost. The complaint also alleges that Dimco failed to provide information and documents requested by FINRA as part of its investigation into her unauthorized and improper use of firm funds, as well as a possible failure to disclose an OBA to the firm. The information and documents sought from Dimco were material to FINRA's investigation and her failure to respond to the requests impeded its investigation into her conduct. (**FINRA Case #2024081608301**)

Ishmael Williams (CRD #6128916, Central Islip, New York)
February 21, 2025 – Williams was named a respondent in a FINRA complaint alleging that he falsely certified to the State of New York that he completed his continuing education required to renew his state insurance license when, in fact, another individual did so on his behalf. The complaint alleges that Williams provided false and misleading responses and testimony to FINRA when he stated that he had personally completed the continuing education courses and associated exams. The complaint also alleges that Williams failed to provide information and documents requested by FINRA. Williams' failure to respond to the requests was material to FINRA's investigation and significantly impeded the completion of FINRA's investigation into his misconduct. (**FINRA Case #2023079728601**)

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

Airlink Markets, LLC (CRD #322261)
Issaquah, Washington
(February 12, 2025)

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.)

Mark Robert Brosa (CRD #5481188)
Lawrence, Kansas
February 24, 2025
FINRA Case #2024081673701

Ryan D. Clayton (CRD #6833882)
Roanoke, Virginia
(February 11, 2025)
FINRA Case #2024083017701

Christopher Paul Hale (CRD #6979333)
Hempstead, Texas
(February 11, 2025)
FINRA Case #2024081245001

Desmond Lawrence James-Jones (CRD #6530759)
Houston, Texas
(February 18, 2025)
FINRA Case #2024082243601

Gustavo Santos Miramontes (CRD #2338966)
Thousand Oaks, California
(February 18, 2025)
FINRA Case #2023079970501

Ryan K. Taleghani (CRD #6554123)
San Carlos, California
(February 10, 2025)
FINRA Case #2024081996801

Vanessa Arlene Webber (CRD #7297416)
Cobleskill, New York
(February 18, 2025)
FINRA Case #2024082788801

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.)

Anthony Richard Bottini III (CRD #5567091)
New York, New York
(February 24, 2025)
FINRA Case #2023080671401

Jeu Emmanuel Delgado Lopez (CRD #7505213)
Fontana, California
(February 18, 2025)
FINRA Case #2024082389601

Jerome Oliver Harris (CRD #5551156)
Kansas City, Missouri
(February 18, 2025)
FINRA Case #2024081709501

Thomas Christopher Johnson (CRD #7509093)
Lancaster, Texas
(February 18, 2025)
FINRA Case #2023080711301

Amanda E. Kriss (CRD #5158100)
Princeton, Texas
(February 24, 2025)
FINRA Case #2024081841801

Michael Oakley Thomas (CRD #7581770)
Lakeland, Florida
(February 24, 2025)
FINRA Case #2024083350801

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.)

Eric Jason Abrahams (CRD #4184330)
Coral Gables, Florida
(February 21, 2025)
FINRA Arbitration Case #19-03359

James Burchett Cross (CRD #2186080)
Bozeman, Montana
(February 5, 2025 – April 1, 2025)
FINRA Arbitration Case #24-01744

Michael Fasciglione (CRD #1806486)
Bellmore, New York
(February 3, 2025)
FINRA Arbitration Case #23-01840

Jason Michael Fekete (CRD #4583237)
Virginia Beach, Virginia
(August 11, 2021 – February 27, 2025)
FINRA Arbitration Case #20-03558

Jeremy W. Fortner (CRD #4811478)
Beverly Hills, California
(February 24, 2025)
FINRA Arbitration Case #24-02102

Todd Loring Luft (CRD #2310647)
The Woodlands, Texas
(February 19, 2025)
FINRA Arbitration Case #24-01964

Andrew Garrett Mandala (CRD #2509012)
Miami Beach, Florida
(February 21, 2025)
FINRA Arbitration Case #19-03359

James J. Mariani (CRD #2932631)
Hauppauge, New York
(February 3, 2025)
FINRA Arbitration Case #23-01840

Amy Leanne Marx (CRD #2976011)
West Palm Beach, Florida
(February 3, 2025)
FINRA Arbitration Case #24-01739

Daniella R. Rand (CRD #4321414)
San Francisco, California
(February 5, 2025)
FINRA Arbitration Case #22-01664

Ruben Trujillo (CRD #4818324)
Brookhaven, Georgia
(February 7, 2025)
FINRA Arbitration Case #24-01938

PRESS RELEASE

FINRA Fines Apex Clearing $3.2 Million for Violations Relating to Fully Paid Securities Lending Program

First Enforcement Action Charging Violations of FINRA Rule 4330

FINRA fined **Apex Clearing Corporation** $3.2 million for violations related to its fully paid securities lending program. This is the first time FINRA has charged a firm with violating FINRA Rule 4330, which establishes permissible use of customers' securities to ensure customer protection.

Apex operated a fully paid securities lending program for introducing firms, which in turn offered their customers the opportunity to participate. FINRA previously ordered four introducing firms whose customers participated in Apex's program to pay a combined $2.6 million, including over $1 million in restitution to harmed customers, for supervisory and advertising violations related to the program. But it was Apex that entered into the lending agreements with customers and borrowed customer securities. These matters originated from a FINRA examination of firms offering fully paid securities lending to retail customers.

"Member firms must have reasonable grounds to believe that a fully paid securities lending program is appropriate for customers who participate. It is unreasonable to expect a customer to take on risks and the potential financial consequences of securities lending with no financial upside," said Bill St. Louis, Executive Vice President and Head of Enforcement at FINRA. "In addition to obtaining restitution for harmed investors from the introducing firms, we must hold accountable the clearing firm that designed, facilitated and benefitted from this program."

Fully paid securities lending is a practice through which a broker-dealer borrows a customer's fully paid or excess margin securities and typically lends them to a third party in exchange for a daily borrowing fee. If a customer chooses to enroll in a fully paid lending program, the clearing firm determines which securities to borrow, when, and on what terms. The daily borrowing fee that the clearing firm collects is generally shared among the clearing firm, the introducing broker-dealer and the customer who owns the borrowed security. In this case, customers were exposed to risks but did not receive any of the borrowing fee. Those risks included potentially higher taxation for payments received in lieu of dividends, loss of Securities Investor Protection Corporation protection on the securities for the duration of the loan and loss of voting rights.

FINRA Rule 4330 (Customer Protection — Permissible Use of Customers' Securities) requires members firms that borrow customers' securities to have reasonable grounds to believe the loans are appropriate for the customers and to provide customers with specific notices and disclosures in writing. Apex failed on all of those counts—it lacked reasonable grounds to think the program was appropriate for participating customers who did not receive a loan fee for their loans, distributed documents that misrepresented that customers would receive compensation (they did not) and failed to provide certain customers with required written disclosures.

From January 2019 through June 2023, Apex entered into securities loans with certain introduced customers without having reasonable grounds to believe that the loans were appropriate for those customers because those customers did not receive a loan fee for lending their shares.

In addition, Apex also violated FINRA Rules 2210 (Communications with the Public), 3110 (Supervision) and 2010 (Standards of Commercial Honor and Principles of Trade). From March 2021 through April 2023, the firm failed to provide many customers enrolled in its fully paid securities lending program with all of the written disclosures regarding the customers' rights with respect to the loaned securities and the risks and financial impacts associated with the customers' loans of securities required under FINRA Rule 4330.

From January 2019 through June 2023, Apex distributed to certain of its introducing broker-dealers documents that were sent to more than 5 million retail investors containing misrepresentations about the compensation that those investors would receive for loans under the fully paid securities lending program. Four of those introducing broker-dealers enrolled approximately 5 million investors, approximately 17 percent of which had securities borrowed by Apex. Finally, since at least January 2019, Apex has failed to establish, maintain and enforce a supervisory system, including written supervisory procedures, for its program reasonably designed to achieve compliance with FINRA Rule 4330.

In settling **this matter**, Apex consented to the entry of FINRA's findings without admitting or denying the charges. The firm also agreed to certify that it has remediated the issues identified by FINRA.