

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

James Larkin Powers (CRD No. 2450818),

Respondent.

DISCIPLINARY PROCEEDING
No. 2014041985401

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between January 1, 2014 and July 25, 2014 (the Relevant Period), while employed at du Pasquier & Co. (the Firm) as an equity trader, Respondent James Larkin Powers used his control over Firm trading accounts to (1) create fictitious trades between a Firm trading account and his personal account for his own personal profit, (2) convert customer funds, (3) cause the Firm to create trade confirmations that misrepresented the prices of customers' trades, and (4) hid a loss he incurred in a Firm trading account by repeatedly entering unauthorized, fictitious customer trades and subsequently cancelling them before settlement.
2. As a firm trader, Powers was authorized to use Firm trading accounts to facilitate trading on behalf of clients. Powers was authorized to execute trades between the Firm account and the street and then allocate the trade to customer accounts to deliver the securities to customers in accordance with their orders.

3. However, Powers abused this authorization to trade between the Firm trading account and his own personal account in transactions that had no business purpose and were conducted only to capture trading profits in Powers' own account. Through this fraudulent scheme, Powers guaranteed himself trading profits at the expense of the Firm and received at least approximately \$388,133 in illicit trading profits. Powers' use of the Firm's average price account to engage in sham trades for his own personal benefit violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act), Rule 10b-5 promulgated thereunder, and FINRA Rules 2020 and 2010.
4. Powers also converted customer funds by abusing the Firm trading accounts. After Powers conducted a trade on behalf of customers, he provided them a lower price than the actual execution price and then booked fictitious trades to convert the customers' remaining funds for his own profit. Powers' conversion of approximately \$25,370 in customer funds in this manner violated FINRA Rule 2010.
5. Powers provided execution prices to his customers that did not accurately reflect the price that he received in the corresponding street side execution on their behalf. These material misrepresentations in customer trade confirmations violated Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder, and FINRA Rules 2020 and 2010.
6. Powers also placed fictitious trades to disguise a losing position he held in one of his Firm accounts. After shorting 1,500 shares of Netflix, Inc., a position that became negative, Powers placed a series of unauthorized sales of Netflix for customer accounts into the Firm account to hide his short position. Powers' entry of these unauthorized, fictitious trade executions violated FINRA Rule 2010.

7. Moreover, by entering trades that he knew were not based on customer orders in the Firm's trade booking system, Powers caused the Firm to maintain inaccurate books and records, in violation of FINRA Rules 4511 and 2010.

RESPONDENT AND JURISDICTION

8. Powers entered the securities industry in 1992 when he became associated with Firm 1, a FINRA regulated broker-dealer. From 1994 to 2005, Powers was associated with two additional FINRA regulated broker-dealers. In 2005, Powers became associated with the Firm, a FINRA regulated broker-dealer, as a General Securities Representative (GSR) and equity trader. He continued to be associated with the Firm until July 2014 when the Firm filed a Uniform Request for Broker-Dealer Withdrawal (Form BDW). The Firm subsequently became a branch of Firm 2, a FINRA regulated broker-dealer, and Powers became associated with Firm 2 as a GSR. Powers remained associated with Firm 2 until December 2015 when it terminated him.
9. Powers became associated with Firm 3, a FINRA regulated broker-dealer, as a GSR in January 2016 and remained associated with that firm until February 11, 2016. Powers became associated with Firm 4, a FINRA regulated broker-dealer, in February 2016. Powers remained associated with Firm 4 until September 13, 2016 when it terminated him for causing an inexcusable trading loss and failing to cooperate in helping to resolve the issue.
10. Powers holds the following securities industry licenses: General Securities Representative (Series 7), Uniform Securities Agent (Series 63), General Securities Principal (Series 24), and Equity Trader Limited Representative (Series 55).

11. Although Powers is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because the Complaint was filed within two years after the effective date of termination of Powers' registration with Firm 4, namely September 13, 2016.

BACKGROUND

12. During the Relevant Period, Powers was a registered representative and equity trader at the Firm. He engaged in trading mostly on behalf of high net worth individuals on a strictly unsolicited basis. Powers did not have discretionary trading authority over any customer accounts.

13. Powers took customer orders by telephone or electronic means and executed the orders through the Firm's electronic trading platform. The trades were processed through the Firm's clearing firm, and the clearing firm maintained records of Powers' trading activity through trading blotters.

14. The Firm provided Powers access to three dedicated trading accounts: an average price account (Firm Average Account), an error account (Firm Error Account) and a riskless principal account (Powers Riskless Account).

15. Separately, Powers had a personal brokerage account (Powers Account) at the Firm, through which he also engaged in equity trading activity through the Firm Average Account.

16. The purpose of the Firm Average Account was to facilitate trade executions, and Powers' trades on behalf of his customers that were processed through the Firm's trading platform passed through that account. In the event that Powers bought or sold

shares of a particular stock on behalf of more than one customer account on a trading day, those transactions should have been aggregated in the Firm Average Account throughout the day and recorded as a single street side execution on the Firm's trade blotter. At the end of the day, Powers manually allocated trades to particular accounts to reflect the individual orders and the price at which the applicable shares were transacted by each customer.

17. Powers also used the Firm Average Account to process his own trades that he executed for the Powers Account.

18. At the end of the trading day after the shares in the Firm Average Account had been allocated to the specific customer accounts, the Firm Average Account, being a pass-through account, should have been flat in terms of share quantity and dollar amounts with both at zero. However, the Firm Average Account routinely ran a negative cash balance on a daily basis, at times had a negative cash balance in excess of \$100,000 at the end of a month, and routinely held equity positions for extended periods. The negative cash balances and open equity positions caused the account to incur monthly margin interest charges totaling approximately \$25,000 during the Relevant Period – a cost not typically associated with an average price account. As set out in detail below, Powers used his control over the Firm Average Account to create fictitious trades, convert customer funds and book unauthorized trades to customer accounts.

19. The purpose of the Firm Error Account was to process any trading errors that occurred. For example, if Powers bought more shares of a stock than a customer had ordered, the excess shares would be put in the Firm Error Account. Powers was responsible for selling the excess shares to the market and personally covering any

losses or other costs associated with the error. To the extent that trades processed through the Firm Error Account were profitable, such profits would reduce any amounts Powers would have to pay from losses caused by his other errors.

FIRST CAUSE OF ACTION

(Engaging in a fraudulent scheme in connection with the purchase and sale of securities)
(Section 10(b) of the Exchange Act, Rule 10b-5 thereunder and FINRA Rules 2020 and 2010)

20. The Department realleges and incorporates by reference paragraphs 1-19 above.
21. Section 10(b) of the Exchange Act makes it “unlawful for any person ... to use or employ, in connection with the purchase or sale of any security ... any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the [SEC] may prescribe[.]”
22. Rule 10b-5 promulgated under the Exchange Act and which is entitled “Employment of Manipulative and Deceptive Practices” provides that:

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,

 - (a) To employ any device, scheme, or artifice to defraud,
 - (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or
 - (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.
23. FINRA Rule 2020 provides that “[n]o member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.”
24. FINRA Rule 2010 requires members to “observe high standards of commercial honor and just and equitable principles of trade.”

25. A violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and FINRA Rule 2020 constitutes a violation of FINRA Rule 2010.
26. During the Relevant Period, Powers used his control over the Firm Average Account and the Powers Account to manipulate trades for his own profit by booking buy and sell trades directly between the two accounts that did not have a corresponding street side execution with a market-counterparty. Powers' execution of trades between two accounts that he controlled and which did not have corresponding executions with the market was a manipulative scheme through which Powers guaranteed himself trading profits at the expense of the Firm. Powers routinely executed trades in equities between the market and the Firm Average Account that were not allocated to any customer account or to his personal brokerage account. To the extent such trades were profitable, Powers then booked fictitious trades to transfer the profit from such trades to his personal brokerage account at the Firm.
27. Specifically, on 18 occasions during the Relevant Period, Powers bought and sold shares of stocks for the Powers Account directly from and to the Firm Average Account in round-trip transactions with no corresponding street side trade execution with a market counterparty for the trade. At times, the Powers Account bought or sold shares to or from the Firm Average Account at prices outside of the daily trading range. The table below sets forth each of these fraudulent trades and indicates whether any leg of the trade was outside of the daily trading range.

	Date	Ticker	Powers' Trade	Powers' Profit	One leg outside of trading range	Mkt high/low
1.	1.2.14	TWTR	Bought/Sold 6,000 shares at 64.55/67.4220	\$17,232	No	n/a
2.	1.3.14	TWTR	Bought/Sold 7,000 shares at \$67.38/\$70.20	\$19,740	Yes	\$70.43/\$68.432 bought below range.
3.	1.6.14	TSLA	Bought/Sold 4,500 shares at \$145.4460/\$150.22	\$21,483	No	n/a
4.	1.8.14	MDBX	Sold/Bought 1,000 shares at \$71.478/\$44.10 (purchase booked on 1.9.14 "as of" 1.8.14)	\$27,378	Yes	\$93.50/\$46.90 bought below range.
5.	1.8.14	NFLX	Bought/Sold 500 shares at \$338.58/\$343.66	\$2,540	No	n/a
6.	1.9.14	TSLA	Bought/Sold 1,500 shares at \$146.28/\$151.90	\$8,430	Yes	\$153.43/\$146.85 bought below range
7.	1.13.14	NFLX	Bought/Sold 1,200 shares at \$332.15/\$346	\$16,620	No	n/a
8.	1.24.14	NFLX	Bought/Sold 2,000 shares at \$380.38/\$390.15	\$19,540	No	n/a
9.	1.31.14	MDBX	Bought/Sold 2,000 shares at \$38.35/\$39.15 (sale booked on 2.3.14 "as-of" 1.31.14)	\$1,600	Yes	\$37.15/\$34.26 bought and sold above trading range.
10.	2.3.14	HLF	Bought/Sold 4,000 shares at \$62.38/\$67.88	\$22,000	No	n/a
11.	2.24.14	TSLA	Bought/Sold 2,500 shares at \$209.86/\$217.65 (sale booked on 2.25.14 "as-of" 2.24.14)	\$19,475	No	n/a
12.	2.25.14	TSLA	Bought/Sold 2,500 shares at \$218.38/\$252.65 (sale booked on 2.27.14 "as-of" 2.25.14)	\$85,675	Yes	\$259.20/\$228.45 bought below range
13.	2.26.14	NFLX	Bought/Sold 600 shares at \$446.2230/\$455.19	\$5,380	No	n/a
14.	3.4.14	ITMN	Bought/Sold 3,000 shares at \$31/32.02	\$3,060	No	n/a
15.	4.25.14	WB	Bought/Sold 10,000 shares at	\$49,400	Yes	\$20.33/\$19.08 bought below and

	Date	Ticker	Powers' Trade	Powers' Profit	One leg outside of trading range	Mkt high/low
			\$16.06/\$21.00			sold above trading range.
16.	4.30.14	YELP	Bought/Sold 3,000 shares at \$56.50/\$62.22 (sale booked on 5.1.14 "as-of" 4.30.14)	\$17,160	Yes	\$58.88/\$54.68 sold above range.
17.	5.12.14	NFLX	Bought/Sold 1,000 shares at \$326.28/\$344.85	\$18,570	Yes	\$345.53/\$330.52 bought below range.
18.	5.14.14	NFLX	Bought/Sold 1,500 shares at \$331.95/\$353.85	\$32,850	Yes	\$354.40/\$346.06 bought below range.
	TOTAL			\$388,133		

28. Each of the round-trip "trades" between the Firm Average Account and the Powers Account described above involved either one or two fictitious transactions between two accounts that Powers directly controlled. Powers' use of two accounts at the Firm that he controlled to create trades that guaranteed himself a profit at the expense of the Firm was a manipulative and fraudulent scheme.

29. For the trades in each of the categories set out above, Powers had scienter to engage in the fraudulent conduct described, specifically the motive and opportunity to engage in the fraudulent conduct. He exercised control over both the Firm Average Account and the Powers Account and reaped trading profits totaling approximately \$388,133 through these fictitious trades. Moreover, for the particular trades with at least one leg outside of the daily trading range, Powers knew or was reckless in not knowing that at least one or both legs of the trades discussed above was outside of the daily trading range, that there was no street side market counterparty to the trades, and/or that these trades were simply invented transactions between accounts he controlled for which he assumed no market risk and which guaranteed himself trading profits.

30. For each of the trades set out above, Powers used the means or instrumentalities of interstate commerce inasmuch as, at least, each trade was communicated electronically from Powers' office in New York to the Firm's clearing firm in New Jersey.
31. By engaging in the foregoing conduct with respect to equity trading between the Firm Average Account and the Powers Account, Powers willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and violated FINRA Rules 2020 and 2010.

SECOND CAUSE OF ACTION

(Conversion) (FINRA Rule 2010)

32. The Department realleges and incorporates by reference paragraphs 1-31 above.
33. Conversion is any unauthorized act which deprives an owner of his property permanently or for an indefinite time. A registered person's conversion of funds constitutes a violation of FINRA Rule 2010.
34. In connection with a number of sell transactions as described below, Powers provided certain customers with a lower price for sales of their securities than they were entitled to receive based on the corresponding market execution, leaving a cash surplus in the Firm Average Account. Powers then created trades in the Firm Average Account with either the Powers Account or the Firm Error Account acting as counter-party to the trades, to convert the cash surplus totaling approximately \$25,370 to his own benefit.
35. On January 31, 2014, seven of Powers' customers sold a total of 19,551 shares of Cara Therapeutics (CARA) to the Firm Average Account. The Firm Average

Account sold the 19,551 shares of CARA to the market through the Firm's clearing firm at an aggregate average price of approximately \$12.401 per share. However, when Powers allocated the trades to individual customer accounts, the customers, ICP, WBS ICP and KCML, received proceeds reflecting an aggregate sales price averaging approximately \$11.996, or roughly \$.405 per share less than the overall aggregate average price received from the clearing firm. This approximately 40.5 cent per share difference left the Firm Average Account with a cash surplus of approximately \$7,900.

36. That same day, Powers executed a round trip trade in CARA for the Powers Account through which he bought 4,000 shares at \$11.35 from the Firm Average Account and then sold them back to that account at \$13.43, which gave the Powers Account a profit of approximately \$8,320 and which effectively transferred the cash surplus caused by the customers failing to receive the price they were entitled to from the Firm Average Account for their transaction in CARA. The trades that Powers executed in CARA between the Powers Account and the Firm Average Account did not have any corresponding street side executions related to the trades.

37. Similarly, on January 24, 2014, the Firm Average Account sold 67,575 shares of Rice Energy (RICE) on behalf of approximately 20 different customer accounts to the market through the clearing firm at an aggregate average price of \$21.5415. However, Powers allocated the trades to individual customer accounts, BNP GCL, BNP PCPI, BNP PCPL, BNP JZCL, IB CHV, BNP RHL, BNP AFI, and BNP HCVI¹, proceeds reflecting an aggregate sales price averaging approximately \$21.3709, or roughly \$.17 per share less than the overall aggregate average price

¹ Customers having the same prefix (e.g. BNP) were internal accounts held at the same custodian.

received from the market. This 17 cent per share difference left the Firm Average Account with a cash surplus of approximately \$11,526 after Powers allocated the trades to the individual customer accounts.

38. That same day, Powers executed a round trip trade in which the Firm Error Account bought and sold 11,000 shares of RICE at \$20.90 and \$21.95 respectively with the Firm Average Account as counter-party that caused the Firm Error Account to achieve a trading profit of approximately \$11,545. This trading profit transferred the entire cash surplus from the 17 cent per share shortfall following the average price allocations to the individual customers. The RICE trades that Powers executed between the Firm Average Account and the Firm Error Account did not have any corresponding market side executions related to the trades.
39. On January 15, 2014, the Firm Average Account sold 13,200 shares of Cypress Energy Partners (CELP) on behalf of six customers to the market through the Firm's clearing firm at an overall aggregate average price of \$20.5827. However, when Powers allocated the trades to individual customer accounts, BNP GCL, BNP PCPL, and BNP HCVI, the customers received proceeds reflecting an aggregate sales price averaging approximately \$20.1629 or approximately \$0.41 less than the overall average price received from the clearing firm for its street side executions. This deficit caused there to be a cash surplus in the Firm Average Account of approximately \$5,540 following the allocation to the individual customer accounts.
40. That same day, Powers executed a round trip trade through which the Firm Error Account bought and sold 3,600 shares of CELP at \$19.77 and \$21.30 respectively with the Firm Average Account as the counterparty at a profit of approximately

\$5,506. This trade effectively absorbed the cash surplus resulting from the shortfall of some individual customers' average price allocations that were lower than the actual average price received from the clearing firm for the sale of their shares. The CELP trades between the Firm Error Account and the Firm Average Account did not have any corresponding market side executions related to these trades.

41. In the CARA, RICE and CELP trades described above, Powers failed to give the relevant customers the price they were entitled to for their securities transactions based on their having received a lower average price for their transactions than that received by Powers for the trades executed on their behalf with the street through the clearing firm. In each instance, this caused the Firm Average Account to have a cash surplus. Powers then created a trade between the Firm Average Account and either the Powers Account or the Firm Error Account to convert the cash surplus for his own benefit. In total, Powers converted approximately \$25,000 of customer funds for his own benefit by providing certain customers with lower prices than they were entitled to receive as described above.

42. By converting customer funds for his own benefit, Powers violated FINRA Rule 2010.

THIRD CAUSE OF ACTION

(Engaging in a fraudulent scheme and making material misrepresentations and omissions in connection with the purchase and sale of securities)
(Section 10(b) of the Exchange Act, Rule 10b-5 thereunder and FINRA Rules 2020 and 2010)

43. The Department realleges and incorporates by reference paragraphs 1-42 above.

44. Powers' actions regarding the CARA, RICE and CELP trades set out in paragraphs 35-40 above constitute a fraudulent scheme in which Powers used his control over the Firm Average Account and his customers' accounts to manipulate the prices that he

allocated to his customers for the securities transactions that he executed on their behalf in order to convert the difference for his own benefit.

45. Additionally, Powers made material misstatements and omissions when, among other things, he reported the executed trades to his customers who did not receive the price that they were due for their securities transactions and failed to inform the customers that the prices that they received were not accurate based on the corresponding street side execution with the market. With respect to the CARA trades, Powers made misrepresentations and omissions to the following customers: ICP, WBS ICP and KCML. With respect to the RICE trades, Powers made misrepresentations and omissions to the following customers: BNP GCL, BNP PCPI, BNP PCPL, BNP JZCL, IB CHV, BNP RHL, BNP AFI, and BNP HCVI. With respect to the CELP trades, Powers made misrepresentations and omissions to the following customers: BNP GCL, BNP PCPL, and BNP HCVI.

46. Powers had the required scienter because he had the motive and opportunity to allocate prices to the relevant customers that were lower than what they were due and to create fictitious trades with the Firm Average Account to convert the difference for his own benefit. Moreover, Powers knew or was reckless in not knowing that the prices that he allocated to the customers did not reflect the prices that he received for those trades in the corresponding market executions.

47. Each of these transactions used the means or instrumentalities of interstate commerce because, at least, the trade executions were communicated from Powers' office in New York to the Firm's clearing firm in New Jersey by means of electronic communications.

48. Accordingly, Powers willfully violated Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder and FINRA Rules 2020 and 2010.

FOURTH CAUSE OF ACTION

(Unauthorized trading) (FINRA Rule 2010)

49. The Department realleges and incorporates by reference paragraphs 1-48 above.

50. Unauthorized trading violates FINRA Rule 2010.

51. From on or about May 19, 2014 to July 9, 2014, Powers engaged in a process of booking unauthorized, fictitious trade executions in customer accounts versus the Firm Average Account to gain time to cover a short trading position of 1,500 shares in Netflix, Inc. that Powers executed with the market without a corresponding customer order. After Powers caused this short position, the price of NFLX began to rise and quickly became a losing position in that account. Subsequently, Powers transacted 12 unauthorized, fictitious trade executions in customer accounts by booking sale trades of 1,500 shares of NFLX when he did not have any communication with those customers for that order. In each instance, Powers cancelled the trade prior to settlement.

52. On or about May 19, 2014, Powers caused the Firm Average Account to sell 1,500 shares of NFLX at a price of \$364.54, which caused the Firm Average Account to be short 1,500 shares of NFLX. Powers did not have a customer order associated with this short position.

53. Powers then caused the following 12 unauthorized trades in customer accounts in purportedly unsolicited trades. Powers booked these fictitious trade executions on various trade dates and at various prices well away from where NFLX was actually

trading through which he caused a customer to sell 1,500 shares of NFLX to the Firm Average Account to conceal his losing short position. In each instance, Powers subsequently cancelled the trade on or before settlement until July 9, 2014, even though Powers knew that none of the customers authorized the trade. On three occasions during this time Powers booked similar trades multiple times to the same customer.² In total, Powers booked a sell trade and subsequently canceled the trade twelve times, as set out in the following chart:

No.	Trade Date	Customer	Transaction	Price per share	Date trade cancelled
1.	May 19, 2014	BFT	Sell 1,500 shares NFLX	\$364.54	May 22, 2014
2.	May 23, 2014	ICP	Sell 1,500 shares NFLX	\$365.47	May 28, 2014
3.	May 24, 2014	ICP	Sell 1,500 shares NFLX	\$365.47	May 28, 2014
4.	May 24, 2014	ICP	Sell 1,500 shares NFLX	\$365.47	May 28, 2014
5.	May 24, 2014	ICP	Sell 1,500 shares NFLX	\$365.47	May 28, 2014
6.	May 24, 2014	ICP	Sell 1,500 shares NFLX	\$365.47	May 28, 2014
7.	June 16, 2014	FIA	Sell 1,500 shares NFLX	\$364.67	June 18, 2014
8.	June 19, 2014	MFT	Sell 1,500 shares NFLX	\$364.38	June 23, 2014
9.	June 24, 2014	PA	Sell 1,500 shares NFLX	\$364.56	June 26, 2014
10.	June 24, 2014	PA	Sell 1,500 shares NFLX	\$364.56	June 26, 2014
11.	July 2, 2014	CSTT	Sell 1,500 shares NFLX	\$364.59	July 7, 2014
12.	July 2, 2014	CSTT	Sell 1,500 shares NFLX	\$364.59	July 7, 2014

² The customers in whose account Powers booked the trade twice are highlighted in the same color.

54. None of the customers listed in the above chart authorized Powers to sell shares of NFLX in any amount on or near the corresponding trade dates, and each of the above listed transactions was therefore made by Powers without authorization or customer consent.
55. By engaging in the 12 unauthorized trades into the customer accounts as described above, Powers violated FINRA Rule 2010.

FIFTH CAUSE OF ACTION

(Causing a member firm to maintain false books and records)
(FINRA Rules 4511 and 2010)

56. The Department realleges and incorporates by reference paragraphs 1-55 above.
57. FINRA Rule 4511 requires each member to make and preserve books and records in conformity with Section 17(a) of the Exchange Act and Exchange Act Rules 17a-3 and 17a-4 promulgated thereunder. Exchange Act Rule 17a-3(a) requires firms to maintain, among other items, blotters containing daily records of all securities purchases and sales and trade confirmations. Causing a firm to have false required books and records violates FINRA Rule 4511. A violation of FINRA Rule 4511 violates FINRA Rule 2010.
58. Between May 19, 2014 and July 9, 2014, Powers caused sell transactions of NFLX in the customer accounts set out in the chart in paragraph 53 that were not authorized by the respective customers and which did not accurately reflect orders made by those customers. By executing and booking these unauthorized trades, Powers caused the Firm to create false trade confirmations and to include false orders in the Firm's trading blotters and order entry system. By causing his Firm to create and maintain false and inaccurate books and records in violation of Section 17(a) of the Exchange

Act and Exchange Act Rule 17a-3 promulgated thereunder, Powers violated FINRA Rules 4511 and 2010.

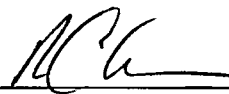
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

FINRA DEPARTMENT OF ENFORCEMENT

Date: 11/15/16



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