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FINRA Fines StateTrust Investments \$1 Million and Orders \$353,000 in Restitution for Charging Unfair Prices in Bond Transactions.

Head Trader and Chief Compliance Officer Fined and Suspended

WASHINGTON — The Financial Industry Regulatory Authority (FINRA) announced today that it has fined StateTrust Investments, Inc. \$1.045 million and sanctioned the firm's head trader, Jose Luis Turnes, for charging excessive markups and markdowns in corporate bond transactions and, 85, in particular, that operated as a fraud or deceit upon the customers. FINRA also ordered StateTrust to pay more than \$353,000 in restitution, plus interest, to customers who received unfair prices. In addition, Turnes was suspended for six months and fined \$75,000. In a related April 2012 action, Jeffrey Cimbal, StateTrust's Chief Compliance Officer, was fined \$20,000 and suspended for five months in a principal capacity for failing to supervise Turnes.

FINRA found that StateTrust charged excessive markups/markdowns to customers in a total of 563 transactions. In 227 instances, the markups or markdowns exceeded 5 percent. In 85 of those instances, StateTrust, acting through Turnes, charged excessive markups and markdowns, ranging from 8 percent to over 23 percent away from the prevailing market price, which operated as a fraud or deceit upon the customers. In each of the 85 instances, StateTrust either bought bonds from its bank or insurance affiliate and then sold the bonds to customers at a price that was 8 percent or more away from the prevailing market; or bought bonds from customers at prices that were 8 percent or more below the prevailing market, and then sold them to its bank or insurance affiliate at a slight markup. During that period, Turnes was also the chairman and largest indirect shareholder of the bank and its insurance affiliates.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "FINRA will continue to aggressively pursue firms and individuals who charge customers excessive markups and markdowns. StateTrust charged customers unfair prices in corporate fixed income transactions, and the firm and the Chief Compliance Officer failed to properly supervise its head trader, who priced these transactions."

In concluding the settlements, StateTrust, Turnes and Cimbal neither admitted nor denied the charges, but consented to the entry of FINRA's findings. FINRA's investigations were conducted by the Departments of Market Regulation, Member Regulation and Enforcement.

Investors can obtain more information about, and the disciplinary record of, any FINRA-registered broker or brokerage firm by using FINRA's BrokerCheck. FINRA makes BrokerCheck available at no charge. In 2012, members of the public used this service to conduct 14.6 million reviews of broker or firm records. Investors can access BrokerCheck at www.finra.org/brokercheck or by calling (800) 289-9999. Investors may find copies of this disciplinary action as well as other disciplinary documents in FINRA's Disciplinary Actions Online database.

FINRA, the Financial Industry Regulatory Authority, is the largest independent regulator for all

securities firms doing business in the United States. FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. FINRA touches virtually every aspect of the securities business – from registering and educating all industry participants to examining securities firms, writing rules, enforcing those rules and the federal securities laws, informing and educating the investing public, providing trade reporting and other industry utilities, and administering the largest dispute resolution forum for investors and firms. For more information, please visit www.finra.org.