

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Association of

David L. Ciano  
(CRD No. 2174074)

as an

General Securities Representative

with

The Strategic Financial Alliance, Inc.  
(CRD No. 126514)

Notice Pursuant to Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2262

**Date: February 2, 2021**

**I. Introduction**

On January 31, 2020, The Strategic Financial Alliance, Inc. (“Strategic” or the “Firm”) filed a Membership Continuance Application (“Application”) with FINRA’s Credentialing, Registration, Education, and Disclosure Department (“CRED”), seeking permission for David Ciano (“Ciano”), a person subject to statutory disqualification, to continue to associate with the Firm as a General Securities Representative.<sup>1</sup> A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Regulation (“Department” or “Member Regulation”) is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“SEA” or “Exchange Act”).

For the reasons explained below, FINRA approves Strategic’s Application to permit Ciano to continue his association with the Firm, pursuant to the terms and conditions set forth below.

**II. The Statutorily Disqualifying Event**

Ciano is subject to statutory disqualification, as that term is defined by Exchange Act Section 3(a)(39)(F), which incorporates by reference SEA Section 15(b)(4)(H)(i) and (ii), as a result of a May 17, 2011 Administrative Consent Order, issued by the State of New Jersey Bureau of Securities (“2011 Order”), which was later amended on October 22, 2019 by the Consent Order

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<sup>1</sup> See the MC-400 Application and related attachments compiled by CRED, f/k/a Registration and Disclosure, and provided to the parties and the Office of General Counsel with a cover memorandum dated February 6, 2020 (attached as Exhibit 1).

Amending the Administrative Consent Order (“2019 Order”).<sup>2</sup> The 2011 Order found that David L. Ciano failed to reasonably supervise his branch agents; engaged in dishonest and unethical practices in the securities business; and caused false records of his firm, Royal Alliance, Inc., to be created and submitted.<sup>3</sup>

Specifically, Ciano and a registered representative under his supervision engaged in conduct that resulted in the unauthorized purchase of \$1.8 million dollars of securities in a customer’s brokerage account.<sup>4</sup> Ciano made multiple transfers of the customer’s funds on behalf of the registered representative by, in one instance, using a photocopy of the customer’s signature and, in another instance, receiving the customer’s signatory authority via a medallion signature guarantee, despite the fact that the only person authorized to grant the medallion signature guarantee was not in the office that day.<sup>5</sup>

As a result of these findings, Ciano was ordered to cease and desist and prohibited from “acting in any supervisory capacity for any broker-dealer or investment adviser” in the State of New Jersey or supervising a person registered in the State of New Jersey. In connection with the order to cease and desist, Ciano consented to the imposition of a Heightened Supervision Agreement if he subsequently applied for agent registration in the State of New Jersey.<sup>6</sup> The 2011 Order implies that Ciano was required to reapply for agent registration with the New Jersey Bureau of Securities.<sup>7</sup> Ciano was further ordered to pay a civil monetary penalty in the amount of \$7,500.<sup>8</sup> In 2013, the Bureau subsequently granted Ciano registration subject to a heightened supervision agreement and granted a request to lift the heightened supervision requirement.<sup>9</sup> In 2019, the Bureau also vacated Ciano’s prohibition from acting in a supervisory capacity.<sup>10</sup> The 2019 Order also added a provision to the 2011 Consent Agreement that Ciano shall not act in any supervisory capacity for any broker-

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<sup>2</sup> See Consent Order, *In the Matter of David L. Ciano*, (May 17, 2011) and Consent Order Amending the Administrative Consent Order, *In the Matter of David L. Ciano*, (December 17, 2019) (collectively attached as Exhibit 2). The 2011 Order is a final order based on violation of laws or regulations that prohibit fraudulent, manipulative or deceptive conduct.

<sup>3</sup> *Id.* at pp. 8-10.

<sup>4</sup> *Id.* at p. 5.

<sup>5</sup> *Id.* at pp. 5-7.

<sup>6</sup> *Id.* at pp. 10-12.

<sup>7</sup> See 19h-1 Notice, *David L. Ciano*, SD-1991 (FINRA December 31, 2014) available at [https://www.finra.org/sites/default/files/2020-01/NAC\\_Ciano\\_SD-1991.pdf](https://www.finra.org/sites/default/files/2020-01/NAC_Ciano_SD-1991.pdf) and SEC Letter of Acknowledgement dated May 26, 2015 (collectively attached as Exhibit 3).

<sup>8</sup> Ciano paid the fine in installments. *Id.* at p. 2, Footnote 5.

<sup>9</sup> *Id.* See also New Jersey Bureau of Securities letter dated January 18, 2013 (attached as Exhibit 4).

<sup>10</sup> See Exhibit 2 at pp. 16-18.

dealer or investment advisor while located in the State of New Jersey or from supervising a person registered with the Bureau.<sup>11</sup>

### **III. Background Information**

#### **A. Ciano**

##### *1. Proposed Duties and Responsibilities*

Strategic proposes to employ Ciano as a registered representative out of its branch office at 500 North Franklin Turnpike, Suite 104, Ramsey, New Jersey, 07446.<sup>12</sup> Specifically, Strategic proposes his job duties as “processing broker-dealer approved transactions for the registered representatives located at the Ramsey, New Jersey branch location. These responsibilities would entail processing new account paperwork...and working with the individual vendors associated with the submitted, approved business. Mr. Ciano will blotter all incoming checks...and forward the checks to the appropriate vendors for deposit.”<sup>13</sup> The Firm represents Ciano will not actively solicit business and that his personal business is limited to transactions on behalf of family and friends.<sup>14</sup> The OSJ with ultimate jurisdiction is the Firm’s home office at 2200 Century Parkway, Suite 500, Atlanta, GA 30345.<sup>15</sup>

Ciano will be compensated by salary through Kolinsky Wealth Management, LLC, (“KWM”) and by commissions from transactions in which he is the representative of record.<sup>16</sup>

##### *2. Registration and Employment History*

Ciano first registered in the securities industry as an Investment Company and Variable Contracts Products Representative (Series 6) in January 1992.<sup>17</sup> He later passed the Uniform Securities Agent State Law Examination (Series 63) in March 1992, the General Securities Representative Examination (Series 7) in March 1993, the Uniform Combined State Law Examination (Series 66)

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<sup>11</sup> See Exhibit 2 at pp. 16-18.

<sup>12</sup> See Exhibit 1 at pp. 152 and 176.

<sup>13</sup> *Id.* at p. 176.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> See CRD Snapshot for David Ciano, extracted January 21, 2021 (attached as Exhibit 5) at p. 15.

in February 2000, the General Securities Principal Examination (Series 24) in January 2003, and the Municipal Securities Principal Examination (Series 53) in March 2010.<sup>18</sup>

Ciano has been associated with the following firms during the following periods:<sup>19</sup>

<u>Firm</u>	<u>Period of Employment</u>
The Strategic Financial Alliance, Inc.	January 2020 – Present
American Portfolios Financial Services, Inc.	April 2013 – January 2020
Allied Beacon Partners, Inc.	February 2011 – April 2013
Sobel Financial Advisors, LLC	September 2010 – December 2010
Investors Capital Corp.	September 2010 – December 2010
Royal Alliance Associates, Inc.	September 2008 – April 2010
NFP Securities, Inc.	February 2001 – September 2008
Nathan & Lewis Securities, Inc.	March 1997 – February 2001
Donaldson, Lufkin & Jenrette Securities Corporation	April 1994 – February 1997
Citicorp Investment Services	June 1992 – June 1994
Citicorp Financial Services, Inc.	August 1991 – June 1992

Ciano is currently an investment adviser representative with KWM.<sup>20</sup>

### 3. Disciplinary/Regulatory History

On November 17, 2011, Ciano entered into an Acceptance, Waiver and Consent (“AWC”) with FINRA (the “FINRA AWC”). The violative conduct articulated in the FINRA AWC mirrors the underlying event at issue in the Consent Order.<sup>21</sup> The FINRA AWC set forth violations of NASD Rules 2110 and 3010.<sup>22</sup> As a result, Ciano was suspended from associating with any FINRA member in any principal or supervisory capacity for 40 business days and was fined \$5,000.<sup>23</sup>

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<sup>18</sup> See Exhibit 5 at p. 15.

<sup>19</sup> *Id.* at pp. 4-8.

<sup>20</sup> See Exhibit 1 at p. 176.

<sup>21</sup> See FINRA AWC No. 2010022654101, executed by David L. Ciano on September 29, 2011, and accepted by FINRA November 17, 2011, available at [https://www.finra.org/sites/default/files/fda\\_documents/2010022654101.pdf](https://www.finra.org/sites/default/files/fda_documents/2010022654101.pdf) (attached as Exhibit 6).

<sup>22</sup> *Id.* at p. 2.

<sup>23</sup> *Id.* at p. 2.

Ciano served his suspension from December 19, 2011 through February 15, 2012 and paid the fine.<sup>24</sup>

FINRA is not aware of any regulatory actions, customer complaints or arbitration claims against Ciano since his prior approval pursuant to SEA Rule 19h-1 effective May 26, 2015.

#### 4. Prior SEA Rule 19h-1 Filings

On December 31, 2014, FINRA filed Notice SD-1991 pursuant to SEA Rule 19h-1 approving Ciano to associate with American Portfolios Financial Services, Inc., and the Commission acknowledged FINRA's Notice on May 26, 2015.<sup>25</sup>

#### **B. The Firm**

Strategic has been a FINRA member firm since September 12, 2003.<sup>26</sup> In addition to FINRA, the Firm is a member of the Municipal Securities Rulemaking Board ("MSRB").<sup>27</sup> The Firm is headquartered in Atlanta, GA<sup>28</sup> and currently employs 171 registered representatives, 60 registered principals and 126 non-registered associated persons operating out of 68 branch offices, of which 12 are OSJs.<sup>29</sup> The Firm employs two other statutorily disqualified individuals in addition to Ciano.<sup>30</sup>

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<sup>24</sup> FINRA's Department of Finance confirmed that Ciano paid the \$5,000 fine on November 29, 2011.

<sup>25</sup> See Exhibit 3.

<sup>26</sup> See Exhibit 1 at p. 154.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at p. 152.

<sup>29</sup> FINRA confirmed this information through an analysis of the Firm's information contained in CRD, last performed on January 21, 2021.

<sup>30</sup> FINRA confirmed this through an analysis of the Firm's information contained in CRD, last performed on January 21, 2021. The individuals are Steven Ira Kolinsky (CRD No. 1090913) and Thomas Frederick Borst (CRD No. 26381).

Steven Ira Kolinsky is subject to statutory disqualification as a result of an Administrative Consent Order, issued by the State of New Jersey Bureau of Securities, Case No. 2010-017, dated March 22, 2011 finding, among other things, that Kolinsky engaged in dishonest or unethical practices and failing to reasonably supervise. He consented to a prohibition from acting in any supervisory capacity for any broker-dealer or investment adviser while located or supervising a person registered in New Jersey. A Membership Continuance Application was not required. Kolinsky is currently registered as a general securities representative and classified as a Tier 3 statutorily disqualified individual, permitted to associate without any special supervision. There are no special examination requirements associated with this classification of disqualified persons. See also FINRA Regulatory Notice 09-19, *Amendments to FINRA Rule 9520 Series to Establish Procedures Applicable to Firms and Associated Persons Subject to Certain Statutory Disqualification* (June 15, 2009), available at <https://www.finra.org/sites/default/files/NoticeDocument/p118466.pdf>.

Thomas Frederick Borst is subject to statutory disqualification as a result of a SEC Order dated September 21, 1982 (SEC News Digest, September 21, 1982, Issue 82-182) containing willful violations. Borst was suspended for seventy-five (75) days from association with any broker-dealers or investment advisors and ordered to comply with certain

The Firm utilizes an independent contractor model and is approved to conduct the following types of general securities business: broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; Mutual fund retailer; U.S. government securities broker; Municipal securities broker; broker or dealer selling variable life insurance or annuities; Solicitor of time deposits in a financial institution; put and call broker or dealer or option writer; broker or dealer selling securities of non-profit organizations; Investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions; Non-exchange member arranging for transactions in listed securities by exchange number; and other securities business, specifically real estate investment trusts broker selling direct participation programs broker selling corporate securities in a private offering.<sup>31</sup>

## 1. FINRA Examinations

### *Routine Examinations*

In the past two years, Strategic was the subject of one routine examination completed in November 2018,<sup>32</sup> which resulted in a cautionary action citing four (4) exceptions involving supervisory failures, and at times Written Supervisory Procedures (“WSP”) failures, with respect to the identification and mitigation of conflicts of interests for certain offerings, ensuring written notices stated whether certain associated persons received or may receive selling compensation related to a private securities transaction, ensuring assets transferred from brokerage accounts to investment advisory accounts, and a loan advance program to ensure customers were charged the correct interest rate.

### *Non-Routine Examinations*

In the past two years, the Firm has not been subject to any cause examinations that resulted in findings by FINRA. In 2019, FINRA reviewed the Firm’s corrective actions taken in response to the November 2018 routine examination and closed without findings.<sup>33</sup>

## 2. The Firm’s Regulatory History

On October 29, 2015, Strategic entered into an AWC with FINRA that addressed the Firm’s failures to establish, maintain and enforce a reasonable supervisory system and WSPs for the

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undertakings. A Membership Continuance Application was not required under FINRA Rules for this matter as the sanctions were deemed no longer in effect. Borst is also currently classified as a Tier 3 statutorily disqualified individual.

<sup>31</sup> See CRD Excerpt: Types of Business, extracted from CRD on January 21, 2021 (attached as Exhibit 7).

<sup>32</sup> See Disposition Letter dated November 7, 2018, Examination Report for Examination No. 20180563040 dated July 31, 2018, and the Firm’s reply dated August 22, 2018 (collectively attached as Exhibit 8).

<sup>33</sup> See Exit Letter for Matter No. 20190627465 dated October 21, 2019 (attached as Exhibit 9).

review and supervision of consolidated accounts reports produced by registered representatives and provided to its customers. The Firm was censured, fined \$30,000 and required to submit written certifications to FINRA.<sup>34</sup>

#### **IV. Proposed Supervision**

##### **A. Primary Supervisor – Jason Kolinsky (CRD No. 5569547)**

The primary supervisor proposed by the Firm is Jason Kolinsky (“Kolinsky”).<sup>35</sup> Kolinsky and Ciano work at the same office location, 500 North Franklin Turnpike, Suite 104, Ramsey, New Jersey, 07446.<sup>36</sup> Kolinsky was also previously approved as Ciano’s primary supervisor in Ciano’s previous 19h-1 Notice.<sup>37</sup>

##### *1. Registration and Employment History*

Kolinsky qualified as a General Securities Representative (Series 7) in January 2011 and as a General Securities Principal (Series 24) in August 2013.<sup>38</sup> Kolinsky also passed the NASAA-Investment Advisors Law Examination (Series 65) in July 2010 and the Uniform Securities Agent State Law Examination (Series 63) in February 2011.<sup>39</sup>

Kolinsky has been associated with the following firms, during the following periods:<sup>40</sup>

<u>Firm</u>	<u>Period of Employment</u>
Strategic Financial Alliance, Inc.	January 2020 – Present
American Portfolios Financial Services, Inc.	September 2013 – January 2020
Allied Beacon Partners, Inc.	February 2011 – April 2013
American Portfolios Financial Services, Inc.	January 2011 – February 2011
Investors Capital Corp.	September 2010 – December 2010
Royal Alliance Associates, Inc.	February 2008 – April 2010

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<sup>34</sup> See AWC No. 2014039285701, executed by the Firm on October 26, 2015 and accepted by FINRA on October 29, 2015, available at [https://www.finra.org/sites/default/files/fda\\_documents/2014039285701\\_FDA\\_JG41815%20%282019-1563088768054%29.pdf](https://www.finra.org/sites/default/files/fda_documents/2014039285701_FDA_JG41815%20%282019-1563088768054%29.pdf) (attached as Exhibit 10). CRD indicates that the Firm paid the fine in full on November 2, 2015. On January 24, 2016, the Firm submitted a certification that it adopted and implemented supervisory systems and written procedures in accordance with the terms of the AWC (attached as Exhibit 10).

<sup>35</sup> See Letter from Strategic to FINRA dated September 21, 2020 (attached as Exhibit 11).

<sup>36</sup> See CRD Snapshot for Kolinsky, extracted on January 19, 2021 (attached as Exhibit 12) at p. 3.

<sup>37</sup> See Exhibit 3.

<sup>38</sup> See Exhibit 12 at p. 11.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at pp. 4-6.

Kolinsky is an investment adviser representative and Certified Financial Planner™ with KWM, where he has been employed from October 2007 to present.<sup>41</sup>

## 2. Regulatory and Disciplinary History

Member Regulation is not aware of any regulatory actions, disciplinary history, arbitration claims, or customer complaints involving Kolinsky.

## 3. Outside Business Activities<sup>42</sup>

CRD indicates that Kolinsky's current Outside Business Activities ("OBA") include working as an Investment Advisor ("IA")/Certified Financial Planner™ ("CFP"™)/DBA Kolinsky Wealth Management, LLC ("KWM"), located at 500 North Franklin Turnpike, Suite 104, Ramsey, New Jersey 07446. In his role as an IA and CFP™ with KWM, he works approximately fifty-nine (59) hours during trading hours offering portfolio analysis, asset allocation, investment review, sales, as well as pension administration, retirement plan design and consulting. He also works as an independent insurance sales agent operating as Kolinsky Financial Group, Inc. also during trading hours. Additionally, during non-trading hours, Kolinsky volunteers on the boards of Rockland Council on Alcoholism and Other Drug Dependence (March 2016 – present) and Ramsey Chamber of Commerce (January 2018 to present).

### **B. Alternate Supervisor - Alexander Sywak (CRD No. 1937609)**

The alternate supervisor proposed by the Firm is Alexander Sywak ("Sywak"), the Firm's Chief Supervisory Officer.<sup>43</sup> Sywak works at the Firm's main office at 2200 Century Parkway, Suite 500, Atlanta, GA 30345.<sup>44</sup> He supervises 34 other registered persons, spending overall 40 hours or more per week on supervision, and is not related to Ciano by blood or marriage.<sup>45</sup>

## 1. Registration and Employment History

Sywak passed the following FINRA examinations:<sup>46</sup> Investment Company and Variable Contracts Products Representative Examination (Series 6) in June 1989, Investment Company

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<sup>41</sup> *Id.* at pp. 5, 7.

<sup>42</sup> *See* Exhibit 12 at p. 10. The Firm represented to FINRA staff that the outside business activities of Kolinsky collectively incorporate the business of the KWM office.

<sup>43</sup> *See* Exhibit 11.

<sup>44</sup> *See* CRD Snapshot for Alexander Sywak at p. 3, extracted January 21, 2021 (attached as Exhibit 13).

<sup>45</sup> *See* Exhibit 1 at pp. 153-154.

<sup>46</sup> *See* Exhibit 13 at pp. 9-10.



Products/Variable Contracts Limited Principal Examination (Series 26) in July 1989, Uniform Securities Agent State Law Examination (Series 63) in June 2001, General Securities Representative Examination (Series 7) in January 2004, General Securities Principal Examination (Series 24) in February 2004, Uniform Investment Adviser Law Examination (Series 65) in November 2004, and the Municipal Securities Principal Examination (Series 53) in August 2005.

Sywak has been associated with the following firms, during the following periods:<sup>47</sup>

<u>Firm</u>	<u>Period of Employment</u>
Strategic	September 2004 – Present
BLC Financial Services, Inc.	March 2003 – May 2004
Resource Horizons Group LLC	March 2001 – December 2003
Canada Life of America Financial Services, Inc.	January 1989 – December 2000

## 2. Regulatory and Disciplinary History

Member Regulation is not aware of any regulatory actions, disciplinary history, arbitration claims, or customer complaints involving Sywak.

## 3. OBA's

CRD indicates that Sywak is a general agency officer for SFA Insurance Services, Inc., working four (4) hours per month, including .5 hours during trading; and a registered investment adviser for Strategic Blueprint, LLC, working 20 hours per month during trading hours.<sup>48</sup>

## C. Proposed Plan of Supervision

Strategic has agreed to the following plan of heightened supervision (“Supervision Plan”):<sup>49</sup>

1. Ciano will not act in a supervisory capacity;
2. Ciano will conduct all brokerage business at the Ramsey, New Jersey office (“Ramsey Office”);
3. Ciano will not maintain any discretionary accounts;

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<sup>47</sup> See Exhibit 13 at pp. 4-6.

<sup>48</sup> *Id.* at p. 9.

<sup>49</sup> See Supervision Plan dated January 25, 2021, and executed by the Firm and Ciano January 27, 2021, attached as Exhibit 14.

4. Ciano will not apply Medallion Signature Guarantees. The Ramsey Office will not be issued a Signature Guarantee stamp;
5. Jason Kolinsky is a general securities principal located at the branch location. He will supervise all of Mr. Ciano's activities;
6. A principal from the home office designated by Alex Sywak, Chief Supervisory Officer, will visit the Ramsey Office no less than twice a year. A full branch exam will be conducted annually. The additional visit(s) will focus on Mr. Ciano and other industry or branch specific items that need addressing. The findings of these examinations will be maintained at the Firm's home office. The findings of the examinations will be shared with Mr. Kolinsky who will manage any remediation if applicable.
7. During the period of COVID, on-site visits and meetings will be conducted via conference or Zoom call, with notes taken to document meetings which are easily accessible to FINRA staff. Once travel restrictions are lifted, on-site meetings will be scheduled.
8. Kolinsky will review all of Ciano's transactions daily. Ciano will be required to discuss any solicitations with Sywak prior to presenting them to clients. Kolinsky will keep notes to document these discussions. All new accounts of Ciano will be reviewed and approved prior to opening by Kolinsky. Evidence of review is maintained in our workflow system, Docupace;
9. All business-related email received or sent by Ciano will be sent/received through his company email account. Kolinsky is systematically copied on all of Ciano's incoming and outgoing messages. In addition, this account will be reviewed at the Firm's Home Office by exception report and randomly selected emails in accordance with the Firm's email review policy. Should a business-related email be sent to Ciano personal email account, he will forward the message to his business account and responds from his business account;
10. Kolinsky will review all of Mr. Ciano's incoming and outgoing "physical" correspondence in accordance with Strategic supervisory policy;
11. Any complaints will be promptly forwarded to the Firm's Supervisory Department. Response and remediation will be coordinated by the Supervision Department;
12. The Firm will require that all transfers processed by Ciano or initiated by Ciano be pursuant to written requests signed by the client;
13. A log of transfers evidencing compliance with company policies will be maintained in the Ramsey Office;

14. Requests for third-party transfers to accounts not registered identically to the originating account will be pre-approved by Kolinsky. Approval will be documented on the transfer log;
15. Third-party transfer requests, except those in payment of a product purchased through Strategic, will be confirmed verbally with the client. Confirmation will be documented on the transfer log;
16. Compliance with the conditions of these heightened supervision requirements will be monitored by Kolinsky on an on-going basis and confirmed by a Firm principal during each office examination; and
17. The Firm will obtain approval from FINRA prior to any change to these supervision requirements.

**V. Discussion**

After careful review of the entire record in this matter, FINRA approves Strategic's Application to continue its association with Ciano as a General Securities Representative, subject to the supervisory terms and conditions outlined herein.

In approving the Firm's Application, Member Regulation considers whether it is consistent with public interest and does not create an unreasonable risk of harm to the market or investors to permit a disqualified person's continued association with a member firm. *See* FINRA By-Laws, Art. III, Sec. (3)(d); *see also In the Matter of the Continued Membership of J.P. Morgan Securities, Inc.*, SD-1904, SD-1905, and SD-1984 (FINRA NAC 2014), quoting *Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the disqualifying event, the length of time that has elapsed since the disqualifying event, whether any intervening misconduct has occurred, whether the disqualified person has other regulatory history, any other mitigating or aggravating circumstances that may exist, the nature of the securities-related activities proposed in the application, and the disciplinary history and industry experience of both the member firm and the proposed supervisor of the disqualified person.

The Department recognizes the serious misconduct underlying Ciano's statutory disqualification. In 2015, FINRA approved Ciano to associate with American Portfolios Financial Services, Inc. In its Notice, the Department cited a number of mitigating factors, including the New Jersey Bureau of Securities' release of Ciano from his heightened supervision restriction ahead of schedule, his limited activities, his limited regulatory history, and American Portfolios Financial Services, Inc.'s

adequate proposed plan of supervision and supervisor. Since his last approval, Ciano has not, to Member Regulation's knowledge, engaged in any further misconduct and in 2019 the New Jersey Bureau of Securities further amended the 2011 Order to lift the supervisory prohibition.

When employing a disqualified individual, a firm must prove that it will be able to adequately supervise that individual. To do so, the firm must establish a stringent plan of heightened supervision and show that it will be able to effectively implement such plan. *See Timothy H. Emerson, Jr.*, Exchange Act Rel. No. 60328, 2009 SEC LEXIS 2417 (July 17, 2009). In the instant case, the Firm has agreed to a stringent plan of heightened supervision and proposed supervisors, Kolinsky and Sywak, who are qualified and experienced principals, to implement such plan. Kolinsky was also previously approved to supervised Ciano on behalf of American Portfolios Financial Services, Inc.<sup>50</sup> The Plan also contains provisions that continue to address Ciano's previous misconduct and ensure Ciano's future compliance with the regulatory mandates necessary for his continued participation in the securities industry. Specifically, Ciano's OSJ has not, and will not, receive a Medallion Signature Guarantee stamp. Additionally, Ciano will not have supervisory responsibilities and the plan provides for initial screening of Ciano's transactions. The Plan also requires the home office to confirm all third-party transfer requests handled by Ciano directly with the customer. This measure will serve to prevent future misconduct by requiring Ciano to obtain such authority from the Firm's home office. Finally, the Firm further proposes to conduct bi-annual site inspections and a full examination annually.

FINRA has previously approved representatives where their proposed activities are limited, their activities are closely monitored, and where the regulatory histories of the proposed supervisors and firm are unblemished or limited. A firm bears the burden of demonstrating that it is capable of providing stringent supervision to a statutorily disqualified individual. *See In the Matter of the Continued Association of Allan Wolfe*, SD-2157, slip op. at 19 (FINRA NAC December 20, 2018), citing *Emerson*.<sup>51</sup> Based on the Firm's representations and FINRA's review of the entire record, Strategic has satisfied its burden. Its disciplinary/regulatory history is limited, and the Firm has proposed supervisors who have no disciplinary or regulatory histories. The Firm represents that Ciano's proposed activities will remain limited and that he will be supervised and observed by Kolinsky on-site daily. The Plan also includes additional levels of review of Ciano and Kolinsky's supervision of Ciano. A principal from the home office will visit the Ramsey Office at least twice a year, focusing on Ciano. A full branch exam will also be conducted annually.

Upon this approval, Ciano and the Firm will be subject to routine FINRA examinations to ensure their ongoing compliance. FINRA intends to also utilize its surveillance processes to further monitor Ciano and the Firm. The Department is further reassured by the experience and

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<sup>50</sup> See Exhibit 3.

<sup>51</sup> FINRA staff recognizes that the recent case *In the Matter of Applicant Gregory Acosta*, Exchange Act Release No. 89121, 2020 SEC LEXIS 1849 (June 22, 2020) ("Acosta decision") may change the legal analysis of Wolfe's statutory disqualification; however, staff is applying the Wolfe decision for the limited purpose of evidencing the NAC's historical position supervision

qualifications of Ciano's supervisors, coupled with the stringency of the supervision plan, which is tailored specifically to address Ciano's misconduct and ensure his future compliance as he continues his participation in the securities industry as a General Securities representative.

In the absence of either new information that provides evidence that Ciano has engaged in misconduct since his disqualifying event, or other aggravating facts, the Department approves the Firm's Application.

## **VI. Conclusion**

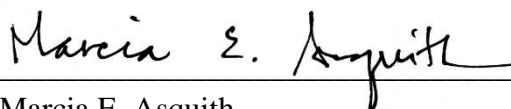
FINRA approves of Strategic's Application to continue its association with Ciano for the following reasons:

- Ciano is in compliance with the sanctions set forth in the 2011 Order and the 2019 Order;
- Member Regulation is not aware of any intervening misconduct by Ciano since the 19h-1 Notice SD-1991 approving his association;
- The Firm's disciplinary/regulatory history is limited;
- The Firm has proposed experienced and qualified supervisors with no disciplinary or regulatory history to supervise Ciano;
- The Plan of Heightened Supervision is stringent and tailored specifically to Ciano's misconduct; and
- Ciano and the Firm will be subject to routine FINRA examinations and surveillance to ensure ongoing compliance with the Plan of Heightened Supervision.

FINRA concludes that, to its knowledge: 1) Ciano meets all applicable requirements for the proposed employment; and 2) the Firm has represented that Ciano, Kolinsky and Sywak are not related by blood or marriage. Pursuant to FINRA Rule 9523(b)(1), the Firm has submitted an executed letter consenting to a supervisory plan and thus waiving certain rights as detailed in the Rule.

FINRA also concludes that it would not constitute an unreasonable risk of harm to the market and investors to permit Ciano's association with Strategic in accordance with the Plan of Heightened Supervision. In conformity with the provisions of Rule 19h-1, the association of Ciano with Strategic will become effective within 30 days of receipt of this Notice by the Commission, unless otherwise notified by the Commission.

On Behalf of FINRA,



Marcia E. Asquith  
Executive Vice President &  
Corporate Secretary

**List of Exhibits**  
**SD-2262**

1. MC-400 Application and related attachments filed by Strategic on behalf of David Ciano, with a cover memorandum dated February 6, 2020.
2. Administrative Consent Order, *In the Matter of David L. Ciano*, dated May 17, 2011, and State of New Jersey Bureau of Securities' Consent Order Amending the Administrative Consent Order, *In the Matter of David L. Ciano*, dated December 17, 2019.
3. 19h-1 Notice, *David L. Ciano*, SD-1991 (FINRA December 31, 2014) and SEC Letter of Acknowledgement dated May 26, 2015.
4. New Jersey Bureau of Securities Letter dated January 18, 2013.
5. Central Registration Depository ("CRD") Snapshot for David L. Ciano, extracted January 21, 2021.
6. FINRA AWC No. 2010022654101, executed by David Ciano on September 29, 2011 and accepted by FINRA November 17, 2011.
7. CRD Excerpt: Types of Business, extracted from CRD on January 21, 2021.
8. Disposition Letter dated November 7, 2018, Examination Report for Examination No. 20180563040 dated July 31, 2018, and the Firm's reply dated August 22, 2018.
9. Exit Letter for Matter No. 20190627465 dated October 21, 2019.
10. AWC No. 2014039285701, executed by the Firm on October 26, 2015 and accepted by FINRA on October 29, 2015 and the Firm's written certification of compliance with the undertakings dated January 24, 2016.
11. Letter from Strategic to FINRA dated September 21, 2020.
12. CRD Snapshot for Jason Kolinsky, extracted January 19, 2021.
13. CRD Snapshot for Alexander Sywak, extracted on January 19, 2021.
14. Supervision Plan dated January 25, 2021 and executed by the Firm and Ciano January 27, 2021.