October 25th, 2017

Brent J. Fields, Secretary
Securities and Exchange Commission 100 F
St., NE
Room 10915
Washington, DC 20549-1090

RE: Administrative Proceeding No. 3-18045
Merrimac Corporate Securities, Inc. and Robert Nash

Dear Mr. Fields:

Enclosed please find an original and three copies of our Brief in Support of Application and Exhibits Referenced in the Brief, via UPS Ground.

Very Truly Yours,

/s/ Stephen Pizzuti

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Enclosures

CERTIFICATE OF SERVICE

I, Stephen Pizzuti, certify that on October 25th, 2017, I caused an original and three copies of our Brief in Support of Application to the certified record in the matter of Applications for Review of Merrimac Corporate Securities, Inc. and Robert Nash, Administrative Proceeding No. 3-18045, to be served by messenger on:

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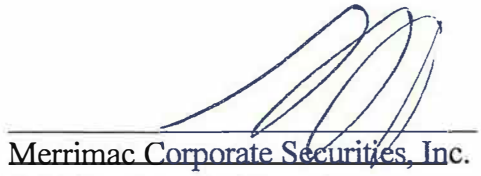
Respectfully submitted,



Merrimac Corporate Securities, Inc.
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United States of America
Before the
SECURITIES EXCHANGE COMMISSION
October 28, 2017

Pursuant to:
The SECURITIES EXCHANGE ACT OF 1934, Section 19(D) (2)
Admin. Proc. File No. 3-18045

In the Matter of the application of
MERRIMAC CORPORATE SECURITIES, INC., and ROBERT NASH
For review of action taken by FINRA

BRIEF IN SUPPORT OF APPLICATION

Merrimac Corporate Securities Inc. (MCS) and Robert Nash both filed an application for review of action taken against them by FINRA. This Brief will focus on the issues pertaining to MCS only unless of course the action taken by FINRA included Robert Nash.

Merrimac provided false documents to FINRA

The truth about the CX-75 exhibit created by FINRA to establish this allegation

The DOE, with Jason Wong as lead investigator and witness brought false allegations that Merrimac knowingly provided FINRA false documents as represented by their CX-75. FINRA claims they were all forgeries; however, it is clear that Wong never took the time to actually investigate his own exhibit prior to making this extreme allegation. The truth is WONG was reckless and irresponsible. (It seems the NAC removed the reference to "Knowingly 'out of their findings)

There were never 37 forgeries. Merrimac provided evidence that FINRA collected during exams that FINRA decided never to divulge. This evidence shows that of the 37 entries on the list 12 had good signatures (MERRA-3001 Pages 1-22), 6 were for shares that were never deposited (paper work not submitted), 4 were duplicate

entries, and 10 were for additional shares for same customer and same securities, same class. That leaves only 9 items that couldn't be traced. How can the DOE be so careless?

Let's put it another way:

There were 37 items in FINRA exhibit CX-75. Being put in chronological order to make the list more manageable the 37 DSR's in CX-75 no's 1, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22 were all originals as shown by the submission of new evidence in[exhibit 3001 provided to the NAC']. We found emails showing signed originals scanned back to the Orlando office through Merrimac email and FINRA has copies of the Merrimac email's in their possession. No's 3, 4 and 25 were never even cleared. No's 6, 7 were a mistake by Wong and were actually only one DSR for 560 million and no's 36 & 37 were duplicates of no's 8, 10. In fact had CX-75 been done in chronological order, you could clearly see that Penson changed their DRS form in June and the signature page was then put on a separate page. FINRA failed to validate their allegations with evidence.

Based on the DOE's evidence some comments and facts

if the allegation of 37 forged documents is wrong Merrimac couldn't ever have known about such an extreme compliance oversight because it didn't exist. Regardless, testimony shows that Nash reviewed the initial duplications in question and acted swiftly to remedy the situation through procedural and policy changes. Logically, there is no question that these DSR's were sent to FINRA after they had supervisory review. Based on the evidence and testimony any remaining issues, if they even existed, were also subject to supervisory review prior to them being sent to FINRA as late as January 2011. ***Where the proof that supervisory oversight is did not take place specifically on what DSR's are they referring to because, obviously CX-75 is a concocted exhibit. If they can't identify any then this allegation should be thrown out.***

Furthermore, the 8210 requests asked for specific items used to process specific business. The actual documents that were used to process the business in order to correctly fulfilled the 8210 request that were given to FINRA. What else should have been sent to FINRA? Merrimac did not falsify or alter any documents used to fulfill this

request. This allegation implies that documents other then what was used to process business by Merrimac and its clearing firm were not what were provided to FINRA. Lastly, all the DRS's were approved by compliance and /or a principle designated to do such as required by Merrimac's procedures at the time. John Dubrule was a principle and branch manager over CS.

FINRA claims the false document violations took place in 2009 and 2010 based on 8210 requests. Immediately, you will note that FINRA had made four separate requests. The majority of these documents were actually sent to FINRA in January 2011. There was never any review or additional requests until sometime in 2013.So, how is it possible the violation took place in 2009 and 2010.There was only one DSR processed in 2009.

Based on CX-75. FINRA claims they were all forgeries; however, it is clear that Wong never took the time to investigate that if Schiffer copied Nash's signature, then which signature and DSR was the original she copied them from. In fact, if you look at Wong's exhibit **[CX-75}** and look at the dates the customer signed the forms, it only takes common sense to see based on their own exhibit which showed only 2 DSR's signed in 2009 that these were the first 2 DSR's processed. Also, evidence will show that they were even wrong about this because there was only one DSR done in 2009.

The DSR submitted to FINRA on September 24, 2010**[CX-35 1-5}** was the first on Wong's list was Nash's original signature as Nash had claimed on the second day of his on the record testimony. In FACT this was the first DSR submitted by the Orlando office **[CX75][no.1].** FINRA and Wong didn't even bother to discover it was an original signature. The other item they asked for twice **[CX75][no.14]** for account Ecoinnovation showed a date of April 2009, when in fact if they bothered to review any activity relating to the DSR's. They would have found the date on this DSR **[CX53-54 of 121]** was incorrect and probably was April 2010. They should have known this because the client Ecoinnovation didn't open an account with Merrimac until February 8, 2010 (*this information was in FINRA's possession as well as client customer account statements which was part of both examiner Micah Ferranti's review and part of Wong's 500 plus hours of review*), and secondly, John Dubrule wasn't doing any

DSR's in April 2009 because Dubrule's first commission run **[RXN-20]** as a Merrimac broker wasn't until April 2010.

Wong claimed he spent over 500 hours on the case, yet it would appear he didn't even review account activity, new account information, and trading activity for all of the accounts. Therefore, its 100% clear that the document forward to FINRA on September 24, 2010 **[CX35]** was an original and Wong's entire allegation that Nash knew as early as September, 2010 about the forgeries is entirely false. The DOE did not accurately demonstrate what DSR was an original or a duplication of Nash's signature. Regardless, supervisory review was done by either John Dubrule or Nash prior to them being sent to FINRA based on submitted testimony and evidence.

The DOE misrepresented Testimonies

It appears that after the DOE reviewed the January 6, 2011 examiner Micah Ferranti requested documents **[CX35a1-4]** from Merrimac that they would Request OTR's from several Merrimac personal. The outcome of the DOEs interpretation of these OTR's became a gross misrepresentation of them.

Pizzuti's OTR pages 20-27 the DOE randomly omitted parts of his testimony to illicit that Pizzuti/Nash was instrumental in knowingly supporting nefarious acts of forgery and distribution of unregistered penny stocks. They falsely misrepresented that Pizzuti stated that "***On or before September 2010, in response to discovering the forgeries, Nash, Dubrule, and Pizzuti met with Schiffer to discuss her conduct.*** This statement by Pizzuti referenced the original meeting with Dubrule discussing immediate and future policy changes. These policy changes were based on both CS and an expected ramp up in DSR business. The allegation that policy changes were made because Pizzuti new about 37 forgeries is ludicrous, convenient, and without proof considering there were never 37 forgeries. Instead of the DOE appreciating the pro-active policy changes they used this OTR misrepresentation to formulate egregious allegation against Merrimac.

John Dubrule's OTR stated he was the registered principle of his own registered branch and stated he went over each and every DSR with Schiffer [RXN5, 8,9, 11&12of20]. Dubrule's OTR **RXN page 11 lines 5 thru 10 combined with page 16 line 3-5** clearly indicates Nash and Pizzuti did not know about any additional forgeries until 2013.Why? Dubrule only new two weeks prior to this OTR dated Feb21, 2013 based on false information provided by FINRA. This testimony discredits the theory that Nash provided false information on the basis that the documents sent were not subject to supervisory review as required. Apparently, all the DSR's were subject to supervisory review by John Dubrule prior to them being sent to FINRA regardless of whether Nash did. The procedures at the time permitted this

WONG's testimony during the hearing

Page 340 line 9-15 Nash cross examined Wong. Wong stated he could not identify what was original or not and they **didn't even know who had custody or control,** yet the allegation clearly indicate that Nash sent these forgeries indicating they thought he had custody and control of the forgeries. Wong continues to indicate that although there were two DSR's done in 2009 (There wasn't) that he really wasn't sure if the others after 2009 weren't originals.

Page 904 Nash asked Wong how many DSRQ's were sent prior to January of 2011. Wong said only one DSRQ was indicated on Sept 241 of 2010 .It couldn't of been a forgery if it was the first DSR. The Next production wasn't until January of 2011by Ms. Ferranti

Page 887 lines 10-15 when Wong was asked by Nash, "Okay. Now, regardless of what you felt I told you during my OTR, based on this evidence, wouldn't it appear, since the DSR was sent almost simultaneously with receiving it, that this was not a copy but an original and one of the originals that she probably used to make other copies"[p887-10-15]? Wong's response was I can't tell if it's an original. He actually said" **I can't tell- I don't know" [p887-20-21].** "Okay. So isn't it likely that that DSRQ that was sent was one of the ones that were scanned

into our system?"**[P888-7-9]** Wong's response was, "I don't know if it's likely, it's possible, I don't know."**[P888-10-11)**

Attorney Forkey cross examined Wong about FINRA's Meishar forwarded documents from outlook to Wong on March 25, 2011regarding the referral of this issue. Wong testified that he wasn't even in enforcement then and was not assigned to this matter yet **(page 524 lines 1-25)**. He didn't do his own investigation until his first Rule 8210 request was sent to Nash on December 20, 2012 to Robert Nash care of Russell Forkey, P.A. So, once again, what was used as the basis for the allegation of 37 forged documents that led to millions of shares of unregistered shares of stock being sold into the market? Apparently, Wong had no direct knowledge of anything.

Page 880 lines 2 through 23 Wong stated definitively that all -- actually, with respect to all the items on the schedule of forged DSRQ forms, based on your taking of Nash's on-the-record testimony, which of the items on the schedule of forged DSRQ forms did Nash identify as items without a genuine signature? He said "I believe all 37".This is simply a false statement.

Wong's testimony to Forkey shows that Wong was completely misleading in his testimony. He stated that **CX-35** supported the fact that Nash provided the forged DSRQ forms in response to Delany's request. However if you read Wong's testimony from **page 528 line 11 thru page 529 lines 17** this isn't so. Wong did not know who sent the documents as far out as the Jan 6, 2011 8210 request based on testimony on **page 529 lines 1 thru 17**. His statement was" *In connection with the January 6, 2011Rule 8210 request to Nash, I do not have definitive evidence to show who actually provided it to FINRA".*

When Wong was questioned by Nash **(Page 890-892 line 10)** about whether he knew Nash sent the forged documents from Merrimac personally, "*I believe it was Bob Nash, to Micah Ferranti's e-mail address, I think there were over 20 with attachments, including one with a zip file that I couldn't access because that information was no longer available, and that was one way I believe that information was provided by Merrimac to FINRA staff".*

However by the end of this testimony it was clear he had no idea who sent the files or if they even had any alleged forged DSRQ documents in them.

Page 894 thru 896 it became clear that Wong made the wrong assumptions. He based the last forgery date on the implementation of the firms new Procedures in Sept of 2010. It wasn't based on knowing about all the alleged forgery's at that point. He based this claim solely on his misreading ofOTR's such as Pizzuti's. **Page 850** Wong testified that the forgery's stopped so that's what made him think that that's when the meeting was regarding all the 37 alleged forgeries. However, when questions thru **page 851** it became clear that that might not be the case.

Page 902 -903 Nash asked Wong to identify the earliest FINRA request for DSRQ's .Wong responded by testifying that it was part of a FINRA request prior to the procedures going into effect in Sept of 2010. There was no request prior to the policies going into effect. There was a request by Delany of FINRA around the same time. However, there was only one known DSR found during the period requested that Nash submitted to Delany in response to this request. This DSR was Nash's original signature Therefore, no one could have known based on the information at the time any duplicate signature even existed.

Page 904 Nash asked Wong how many DSRQ's were sent prior to January of 2011. Wong said **only one** DSRQ was indicated on Sept 24th of 2010 .It couldn't of been a forgery if it was the first DSR. The Next production wasn't until January of 2011by Ms. Ferranti; Wong completely provided inconsistent and reckless testimony to the panel.

For violating Rule 2010 by causing the sales of unregistered securities in violation of section 5 of the Securities act

It has been contended by the DOE that Merrimac was responsible for allowing millions of shares of unregistered shares of stock to be sold violated SEC Section 5. The DOE stated that Merrimac failed to supervise CS submission of forged DSR's to the clearing firm that allowed this to happen. A quick review of **CX-75** produced by FINRA and an accurate exhibit provided by Merrimac **MERRA-0501 page1-6** proves they were, in fact,

original supervisory signatures and not duplication's as contended. We further content that the Stock was sold pursuant to a proper exception.

A consolidation of the facts:

All the securities were converted in tranches of 100 Million shares. Not all 400 million at one time as DOE has absurdly contended. Of course any halfwit could have figured this out using common sense and all the other information in evidence and SEC filings. The conversion notices also state the 144 exemptions that were relied upon and that the certificates were being issued unrestricted. The transactions executed as follows:

- July 12th, 2010 Jeff Turnbull signs a Stock Purchase Agreement with Kaneda Coleman of Amber Sunset to buy 100 Million Shares of USOG (MERR-4001 Pages 6-16)
- July 13th, 2010 Jeff Turnbull files Notice of Conversion with USOG for 100 million shares (MERRA-4001 Pages 2-5)
- July 14th, 2010 Jeff Turnbull signs a Stock Purchase Agreement with Michael McDonald of The Good One Inc. to buy 100 Million Shares of USOG (MERR-4001 Pages 21-31)
- July 14th, 2010 Jeff Turnbull files Notice of Conversion with USOG for another 100 million shares. (MERRA- 4001 Pages 17-20)
- July 15th, 2010 Jeff Turnbull signs a Stock Purchase Agreement with Kristen Perry of Acadia LLC to buy 100 Million Shares of USOG {MERR-4001 Pages 51-61)
- July 15th, 2010 Jeff Turnbull files Notice of Conversion with USOG for another 100 million shares. (MERRA- 4001 Pages 47-50)
- August 31st, 2010 Jeff Turnbull signs a Stock Purchase Agreement with Barbara Farr of Kaleidoscope Inc. to buy 100 Million Shares of USOG (MERR-4001 Pages 36-46)
- August 31st, 2010 Jeff Turnbull files Notice of Conversion with USOG for another 100 million shares. (MERRA-4001 Pages 32-35)

It is abundantly obvious that Jeff Turnbull was exercising his conversion rights in conformity with his contract, so as to not pass the 10% threshold to become an affiliate.

DOE's contention that Turnbull was an officer of USOG, like many of their claims is wrong. They reference CX67 and CX67B. Those filings list him as President of "Turnbull Oil", the company he sold to USOG. Of course DOE's claims are so absurd they will ask you rely on SEC filings in their side of the case but these same filings can't be trusted in Merrimac's side.

So, the questions for the Panel to ask the DOE would have to be did Turnbull ever own more than 100million shares of common stock at any one period of time. Has the DOE provide any S-3,4,or 5 filing indicating that any of these alleged party's owned more than 10%. Is there any S-4filings as a seller of a control stock position? Lastly, has there been some type of identified break down such as the contract between all parties were fraudulent evidencing by some type of criminal action by the SEC against any of the parties in question-Turnbull, USOG and/or Arcadia.

Review of Exhibits Provided by the DOE/Wong

CX71B encompasses the details of Acadia LLC purchase and sale of the 56.5 million shares of ISSUER, USOG.

Page 5 of 48{CX71B] is a copy of the stock certificate which clearly indicates there is no restriction on the shares.

Page7 of 48[CX71B} is a letter from ISSUER, USOG signed by the president Alex Tawse and Director Michael Taylor to Acadia stating; that 56.5 million shares are validly issued, there are no adverse claims pertaining to the Security and the shares are FREE TRADING and will not be restricted at a later date; the Holder is not a director, officer or an "affiliate" of the company as that term is used in paragraph [a] of Rule 144 of the Securities Act of 1933 [I e, a person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under control by, or is under control with the Company]; the holder is not a beneficial owner of 10% or more of any class of equity securities by the company.

In looking at **{CX71B p33of48}** on the Penson account statement for Acadia you will see the 56.5 million shares of USOG received into the account clearly marked "unrestricted".

Review of Wongs Timeline Exhibit CX-74

Let's take a closer look:

CX-67G- is clearly a promissory note that can be converted to equity. Therefore, he must convert to own stock.e There has been no evidence provided that he ever owned more than 9.9 % ever.

CV 70- clearly indicated he was on the board of Turnbull and not USOG.

CX-70-A shows the cert has no restrictive legend on it.e

CX-70a pages 1-8 clearly indicate that less than 100 million shares were sold thru Merrimac of legend free stock.e

CX-69-Notice of conversion referenced by timeline date 7/9/2010 shows that he cannot convert more than 100e million shares at once not to exceed 9.9 %.

Cx-69 page 2 –f-g-I indicate holding period for 144 met-not an affiliate based on rule 144 exempt from registration pursuit to the Securities act of 1933. The 8k filing referenced in 7/9/2010 item 1.01 indicated he can convert shares but never to exceed 100 million shares owned simultaneously or more than 9.9 %.

CX-68 indicates free trading with float at 1.03 billion shares outstanding. CX-68- Arcadia stock purchasee agreement states free trading stock up to 100,000,000 shares. Arcadia represents the following on CX-68 page 2-a, c, and f.3-a, b. She didn't buy issuer stock and was able to transact via an exemption of securities act of 1933 -4.1. Wong never even proved she even sold all the stock necessary to violate the rules even if she was an underwriter, which she clearly wasn't.

Wong even tried to suggest that Arcadia must have been an underwriter. That's when it really got ridiculous. However, let's address it:

CX-39 clearly shows that Arcadia was approved by transfer agent to only sell free trading stock on 8/23/2010.e

RXM-32 Presidents clarification /issuer letter 1, 2, 3 clearly indicate free trading not affiliate stock sent to Penson for section 5 review and then to the transfer agent for clearance and approval.

Testimony of Wong referencing exhibits

Page 200 –Wong when asked about his experience regarding S-8 filings he said there was instructions on Form S-8 itself that gives an outline about what situations you can use for Form S-8. That's was the extent of his background prior.

CX-70 timeline reference the first data point dated 5/2009 on Wong's exhibit says John Turnbull is an Affiliate.o Then, the very first time he is cross-examined on **page 277 lines1-11** Wong references in testimony "*Pursuant to Rule144, John Turnbull is an affiliate of USOG.I don't think that should say affiliate. Upon further reflection, I believe it should say issuer of USOG".* So, when did he have this epiphany he called a *reflection.* As this cross continued he also said that information referenced on **page 280** was the basic for this data point.

Page 293 Indicates incorrect dates. From July 15 of 2010 six months out the exhibit CX-70 he wrote that six months out was June 14th 2011 than it actually be January of 2011.He said it was an accident.

Page 317 the testimony clearly indicates as long as Turnbull does not liquidate and own at any one time more than 9.9% of the stock there is no violation. If you continue on **page 320** Nash pointed out that Wong indicated the 12 month holding period, once corrected was July 2010.

Page 319 -320 it says that if holder is not an affiliate and accredited and one year has elapsed the holder can sell. So, being that the stock was held for the year by an accredited investor that wasn't an affiliate the holder can sell you can tack back to 2009 based on rule 144. Wong replied that the customer can't tack the holding period onto an Affiliate. However, Wong in earlier testimony said he made an error acknowledging that Turnbull was not an affiliate on **page 277 CX-70** data point of 5/09 earlier. Wong was once again mistaken regarding rule 144. If you proceed to **page 322 lines 8-24** it becomes clear that Wong is no longer sure what his story should be.

Page 325 When asked what the significance of 9.9 % in these filings Wong had to resort to saying it's a red flag in an attempt to stay credible when the relevance was obvious that Turnbull never owned more than 9.9% of USOG.

Page 460 line23 thru page 461 line 2 Wong testified that he didn't even try to speak to Turnbull or anyone at USOG. Why not ifdhe was really trying to get to the truth?

Page 461 Wong testified that he thought Turnbull owned 34% of USOG based on the acquisition of 500 million shares of stock based on the notice of conversion. Could part of his analysis be based on the assumption that Turnbull actually converted and owned 500millions shares of stock at one time? Well, the document clearly states that he can't convert more than 100,000 at a time or exceed 9.9 % of the float. Therefore, he was not an issuer either. The DOE offered no proof Turnbull ever owned more than 9.9 % of the stock at one time.

In fact, starting on **page 506-507** Forkey tries to get to the bottom of this critical issue that Wong was hanging his hat on regarding owning 500 million shares he continues to say he truly believes Turnbull owned 500 million shares, but can't find the source of his testimony.

Page 579 lines 11 to 580 line 12 in was clear that Wong was maintaining his position that Turnbull sold and owned 500 million shares as his Foundation for the allegation. However, he says in relationship to Turnbull "He did elect to eventually convert up to 500 million later on. He still did not prove Turnbull ever actually owned more than 9.9% ofthe 1.4 billion shares outstanding. He admits that you can tack back to someone who is not an affiliate of the issuer.

Page 841 Wong once again changes his story as for as the foundation of his allegation regarding **CX-71B**." Our contention -- Enforcement's contention is not that Acadia was considered an affiliate in its liquidation of USOG, but was acting as an underwriter in its liquidation of USOG. So, Initially Turnbull was an affiliate. Then Wong said he was mistaken that Turnbull was an Issuer. In a final ditch effort to save his claim he resorted to trying to convince the panel that Arcadia was an underwriter based on them violating volume restrictions .This was an outright lie. Based on their own Chart **CX-74** this was not true.

Page 845-846 the panel asks Wong to just give the facts that he relied on to make his section 5 violation. He reverted back to Turnbull was the President and on the board of directors. At this point the panel heard several times that the filings indicated Turnbull was not an affiliate of the issuer USOG. Wong, once again says that he believed that there was an SEC filing that said Turnbull was an affiliate of the issuer. What happened to him being an Issuer? He then tried to imply that the filings were wrong because he said that's what USOG chose to put into the filings. So, know Wong expects Merrimac to disregard the very Filings he has been basing his case on.

Page 846 lines 19 thru 847 lines 14 Wong did not even know about critical filings such as a 13-D or form 3 or a form 4. These are significant filing that Wong should have known about in his determination. Watling objected saying "He said "he doesn't know about them".

Page 1320 lines 22 thru 1322 line 7 Nash give a good overview of the Facts related to the false section 5 allegations.

Page 577 regarding CX-74 it becomes quite clear that Wong didn't even know the difference between the public float and outstanding shares

Pages 462 thru469 it became obvious that **CX-70** could not be believed based the inexperience of a Wong. The date used on the actual exhibit were proven to be inaccurate on at least one occasion and the rest were, therefore, suspect. He stated he used the dates that Edgar had for each of the SEC filings and not exactly when the actual file took place that a lot of the filings are duplicative, with a lot of attachments, so there's a possibility of some duplicate or discussed in other filings.

Wong was also questioned by a member of the panel as to whether he ever got in touch with anyone at Penson regarding the USOG DSR's. Instead of first answering yes or no, he went on to imply that Penson was now Apex and there was no one to answer any questions about the DSR. That is not true. John Kenney, a ten year VP of clearing operations at Penson, became the VP of clearing operations at APEX. Wong could have reached out to him very easily. In fact John Kenney was listed on the respondents' combined witness list and was not allowed to testify via conference call to support the firm's position. This is just another example of Wong not attempting to verify all the facts despite 500 hours plus of work on the case. Wong testified that he received a lot of his documents initially from Penson and that's how several issues came to light. Then, contrary to this he didn't get any Penson due diligence on the actual files with regards to this serious section 5 allegation on USOG /Tumbull/Arcadia .

Wong's testimony went from their being an affiliate violation to Issuer violation to underwriter violation. Wong's testimony was a moving target depending on our evidence from the prior day's testimony. The term underwriter isn't even in the original complaint.

The DOE and Wong had several days to perfect their story and despite all their resources and their obvious communications from one day to the next they failed to identify even one section 5 violation after reviewing 6 yrs. of transaction because the firm had no violations. The blatant change of Wong's section 5 testimonies and the attempt by the DOE to re-establish a basis for their allegations with their witness each day was inappropriate on several levels.

Merrimac failed to Establish and maintain an effective AML procedures.

As you can see this cause of action does not offer any securities violations or supervision failures. This is based solely on opinion of possible red flags by examiner Wong who didn't even know what was the Patriot Act was or ever even reviewed actual Merrimac client files.

First, Wong created another misleading exhibit **(42C)** that once again confused the panel that led to findings that stated that from April, 2008 to November 2009 Merrimac customers conducted 570 penny stock transactions. His query only consisted of any transaction done under $5. The arrogance of this exhibit assumed that the panel wouldn't realize that after a 60% drop in the markets during this time stocks like Sprint and Ford would be considered penny stocks. Other misleading transactions included in this spreadsheet were options; both buy and sell side transactions, multi-fills of single transactions as part of this total. For example, a trade of 1000 shares, if filled as 200, 300 and 500 share of the order could be shown as 3 transactions instead of one transaction. Also, all of the trades done during the period referenced were unsolicited orders done by our online clients. There was no need for any DSR forms for this business. In fact, DSR's only started being used by clearing firms in the second half of 2009 as a result of FINRA Regulatory Notice 09-05.

The first gleaming and outrageous example of this was Pizzuti's 2013 OTR testimony where Wong Flagrantly misrepresents that the 2008-2009 business was made up of 10-20 % penny stock transactions. This was a complete lie. Wong stated Pizzuti **Page 559 lines 5-22** accurately stated the 'current level" of penny stock business was up to about 20%. However, Pizzuti was referencing 2013.He was not referring to 2008-2009 at all. Furthermore, Wong was trying to imply that the issue was penny stocks when the issue was clearly DSR clearing of penny stocks. If you continue to **page 560** Wong admits that he had no idea what type of business was being done from 2008 thru 2011at all. He went on to say that he usually would review focus reports, income statements. So, in this case he did nothing other than rely on Pizzuti's OTR and misrepresented it. In fact, if you go to Pizzuti's actual OTR **page 23**

lines 1-9 he indicates improved procedures flowing into 2010 as business increased. There is no possible way that any educated human could have misunderstood Pizzuti's testimony unless it was intentional. With regards to the **exhibit 42** trade blotter his exact quote online was "off hand, I don't know what the exact proof for that item was" **page 559 lines 23-25** and **560lines 1-3**. The DOE states that in May of 2009 the firm started servicing customers primarily trading penny stocks. However, no clear definition of penny stocks was offered. Merrimac conducted less than 1% of its business in unsolicited penny stock buys and sells in 2008 and only 2.5% in 2009. The first half of 2010 Merrimac penny stock revenues was still under 2.5%. It was only in the second half of 2010 did it increase to 14% after Merrimac had substantially improved their DSR requirements and procedures. In 2011 it was 23.1% and for 2012 it was 18.9%.When the question about his earlier comments **page 121 regarding CX-42** comes back up in cross examination Wong recanted his earlier testimony [**page 386**] as it related to how he came up with his numbers as it related to Pizzuti 10-20% statement. It's Simple; he did not have any other proof to back up his allegations so he had to misrepresent Mr. Pizzuti OTR

You should take notice that the DOE has made no claim of supervision failures on any penny stock activity dated past October of 2010. It appears that the DOE, at some point, realized that Merrimac had improved their AML procedures appropriately and adequately and acted upon them reasonably, so they were forced to go into earlier years in an attempt to bolster their claims by creating ridiculous spreadsheets that had no relevance to the original AML issues. There were no DSRQ transactions in 2008 and had only one DSRQ processed and cleared toward the end of 2009. These are facts. The procedures were put into place going into mid-2010. DOE makes a big deal about the procedures only being one page. As far as procedures go, a single page is way above average for a single subject. Most procedures are only a paragraph or two. In fact, the bulk of the changes were made to the actual DSR forms themselves.

They also opine about Merrimac executing trades for individuals barred from the securities business years prior, despite their being no violation with these trades. Basically, despite there being any bar from this person opening brokerage account FINRA simply does not want its members to conduct business with them regardless of their

civil rights and is forcing its will on its members through unethical regulatory pressure. This same unethical pressure in being applied the area of red flags. For example, a second client was found to have some regulatory disciplinary history 15 years prior to Merrimac conducting business with him. FINRA has claimed we failed to detect this as a red flag. Although we detected it as evidence in the clients file (Wong never reviewed client files) we did not believe it was a red flag. This single client account was used by the DOE to say that Merrimac, Mathews and Nash were not reviewing suspicious" trading activity" after a press release and an increase in trading volume. Mr. Schmitz sold 1000 shares of Gold River productions at $0.02 cents for a gross amount of $1000 and the increased volume was based on 4 years of volume and the actual volume he's citing was 42,396 shares which comes to just over $800 per day. The actual trading made by Mr. Ferreira for this client was hardly a red flag and should be viewed as insignificant. The client's DSR was in perfect order as to the acquisition of the shares along with a letter from an attorney validating the shares exemption from registration. FINRA and the DOE seems to want to inject all their wants and desires to stop all the business they believe "dubious", into the simple "Anti Laundering" requirements of the Bank Secrecy Act and the Patriot Act. This was not the intent. It is a matter of opinion and being reasonable in our judgments as oversight. Not one DOE claim of or example of Red flag violation of Merrimac ever ended in any securities law violation.

The Finding also state Merrimac failed to present any documentary evidence reflecting the trading reviews conducted by its AML professional. First, they were wrong in identifying who this person even was stating that Bob Nash was the AML officer. Had they focused on the correct AML officer review process and documentation during their cycle exam they may not have made such blatant error. In fact, during this particular cycle exam Mr. Matthews, the actual AML officer, was never even questioned as to what he did. Second, Wong actually testified he never reviewed any of the boxes of files relevant to this cycle exam that included client files. Merrimac believes that FINRA realized Mr. Matthews's condition and took advantage of this lack of defense by Matthews to cultivate allegations against Merrimac and Nash that could only be defended by the actual AML officer.

Testimony revealed Merrimac trades were reviewed the next morning from firm blotters which were kept in the office and reviewed during every FINRA examination and Matthews, the AML officer, was provided on daily basis copies of all blotters which contained penny stock trades. In addition, although it never came up during the hearing the firm used a trading system entitled "go- trader". Go trader was intentionally set up as a "catch and release "compliance review system on all trades. This means that no trades got released until it was approved by a series 24 principal and /or compliance.

Again and again, the cycle examiners that actually did the on sight examinations of Merrimac reviewed the system. Yet, the DOE only allowed Joshua Wong to Testify on these matters whom never stepped foot in a Merrimac office. These disconnects of what the actual cycle examiners new about and what the actual witness for the DOE knew was a deliberate tactic of the DOE to thwart Merrimac's chances of a fair hearing. Ms. Delaney states the firm's AML officer Matthews was not familiar with FINRA broker check during Mr. Matthews OTR when he was ill. This was convenient considering he wasn't there to testify. This is ironic on two counts; first, the allegation claimed that Bob Nash was the AML officer and he wasn't. Second, Merrimac used a very thorough system called McDonald Information Systems {MIS] which would include any negative information and more that is included in FINRA broker check. All investigators know this and any panel member should know that. However, despite being the chosen witness for the DOE testifying about key Red Flags and AML issues critical to the outcome of the case Jason Wong didn't even know what MIS even was. In fact, if a detailed cycle exam was actually done with proper review of the correct AML officer's procedures, his files, and what systems he used during the exam why didn't anyone know Merrimac was using MIS. McDonald Information Systems **[MIS]**, **[RXN-24]** Web: www.callmis.com**[p918-12-25, p919-1-9]**, MIS has provided the financial industry with information pertaining to the reliability of both retail and institutional accounts, The MIS check used by Merrimac **[RXN-24]** obtains information gathered from all over the world. This includes governmental and organizational sanction lists, law enforcement such as US attorney, State attorney Generals, Interpol, Scotland yard, domestic and international regulators such as SEC, CFTC, FINRA FSA, HK Monetary authority and negative news in the media. You can't

say Merrimac did not do extensive due diligence and AML review. To say that Merrimac's AML systems weren't even reasonable relative to each year's business levels is negligent on behalf of both the DOE and the Panel.

Mr. Ferreira, whom was one of two of our in-house AML/DRS review principles, testimony demonstrated the ridiculous allegation made by the DOE. Juan Ferreira **[RXN-3-p5-10of50],** in response to questions of Merrimac's AML procedures to him by Watling and Wong, he explains he gets detailed training each and every year regarding suspicious activity and red flags during the Annual Compliance meeting which is attended by all Merrimac representatives. In fact on **page 9** of his OTR he tells Wong ***"That's why our compliance meetings last all day long, because we're going through our policies and procedures and we go through the compliance and supervisory procedures and we do our best to make sure we are current on everything and with the latest changes in securities regulations".***

There were at least two separates meetings conducted prior to September 2010 policies and procedures with the brokers dealing in OTCBB and Pink Sheet stocks. This covered AML procedures and what "red flags" are and what to look for regarding suspicious activity. Why didn't the DOE ever bring up or discuss the two additional supervisors Ferreira and Stone designated to review all DSRQ business starting around March of 2010. They were, in fact on the designated supervisory logs from that point forward. *In fact if you review Ferreira's OTR you would understand why Ferreira explains that he fully understands red flags going back to 2007 and is an expert in DSRQ review and compliance on **page 33 lines 2-9.** Ferreira proceeds to give Wong and Watling an AML, red flag, and DSRQ lesson starting on **page 18 on.*** In March of 2010 there was more experienced AML and compliance horsepower then any firm on a per broker basis or by any metric FINRA would like to throw at the firm.

It appears that the DOE, at some point, realized that Merrimac had improved their AML procedures appropriately and adequately in sept of 2010 and acted upon them reasonably, so they were forced to go into earlier years in an attempt to bolster their claims by creating ridiculous spreadsheets that had no relevance to the original AML issues or complaint. The truth is the firm had no DSRQ transactions in 2008 and had only one DSRQ processed and cleared toward the end of 2009.

In summary Merrimac provided evidence that they did less than 1% of low price penny business prior to 2010, but the panels found against Merrimac for not having sufficient Policies and Procedures. Then, in the beginning of 2010 Merrimac increased its policies and procedures anticipating a ramp up in DSR business. Conveniently, the panel then claimed that Merrimac didn't follow them for 2010.How convenient.

Merrimac and Nash Failed to Establish a Reasonable Supervisory system.

Dubrule's and Tuttle's Private Securities Transactions.

Contrary to the DOE allegations the investment in the fund had already been made prior to when Tuttle and Dubrule joined Merrimac. Kevin Tuttle became registered with Merrimac 9/17/2007 **[CX6]** and John Dubrule became registered 8/19/2008**[CX5]**. Matthews approved in writing the activities of both Tuttle and Dubrule provided that they did not solicit the investment to any Merrimac clients **[CX25]** which they didn't as evidenced by the document ledger provided to Matthews [CX28].

There was no new investment dollars added to the fund that were not already invested in the Hedge funds prior to both the registration of these two brokers or the signed 3040 by Matthews. The confusion was that these three clients, at one point, took the funds out and shortly thereafter put the identical amount back into their perspective ppm holding that existed prior to the Brokers joining the firm. No new PPM documents or investments were ever made by anyone after these brokers signed the 3040 approval letter. The DOE, without researching this, decided they were new investors with new money and were clients of Merrimac. That should have been logged on some mystery books and records of the firm. Furthermore, no transactions were made while these brokers were registered with the firm in these funds. These investors were never clients of the firm despite the DOE's claim and the DOE provided no proof they were. No account document of such has ever been provided by FINRA. The record shows Matthews did review all the funds statements.

Page 811lines 7-17 the hearing officer asked Stoehrfeldt based on the statement in the complaint how should those transactions be reflected on Merrimac's books and records? Stoehrfeldt stated that Rule 3040 doesn't suggest or

state any one method of recording the transaction on the books and records of the firm. It's up to the Firm to decide.

Page 811 line 25 thru 812 line 10 Stoehrfeldt indicated that in no way should Merrimac be responsible for putting these types of transactions on the financials of the books of Merrimac. If you review **page 812 lines 17 thru 813 lines 17** it was clear that Merrimac was not responsible for producing monthly statements.

Page 667 thru 781 the DOE started with the only direct witness they had during their case. However, Stoehrfeldt testimony consisted mostly of events done prior to the registration of Tuttle and Dubrule. In Fact, the DOE's own **exhibit's CX-79 pages 1-2** details this point perfectly. This became even more apparent and evident during Forkey's cross examination of Stoehrfeldt.

Page 7811ine 20 it became clear very quickly that the bulk of the allegation against Dubrule/Tuttle were not actions that Merrimac should even be involved with. **Exhibits CX8-CX16** are represent activities done prior to Tuttle and Dubrule ever working for Merrimac. Exhibits **CX17-CX19** relate to activities by Dubrule prior to his registration with Merrimac.

Supervision of Penny Stock Deposits

The DOE has chosen to say that Merrimac and Nash were in charge of supervision of CS of the Orlando branch when John Dubrule was the actual branch manager directly over CS. Regardless, it has been well established in this brief and others that there were never 30 or more DSR forms that had photocopied signatures that Mr. Nash should have identified back in 2010.It has been well documented that Nash was not aware of any more than a few copied signatures he had testified to on the record. It is well documented that, once these issues were detected procedures were put in place immediately to assure this would never happen again and they never did. Industry wide DSR's were just being implemented going into 2010. This, being the first DSR's to be processed by the firm FINRA should expect procedural and compliance improvements and Merrimac did just that. Merrimac did not deserve to be blasted into extinction for it.

The coincidence that the DOE alleged, that out of the 1000 DSR's processed by Merrimac perfectly, that one of these DSR's in question was sold in contravention of Securities act Section 5. This DSR application had original supervisory review signature on it. This allegation, based on the facts provided in this brief and prior to the DOE, has also been found to be false. It is our hope the SEC agrees with our due diligence and finding on this matter.

Supervision of Pizzuti Websites

On page 23 & 24 of the decision, they state Merrimac created 2 web-sites, however, the information reviewed by the FINRA witness was from only 1 web-site which was a beta test site which was never visited by or available to the general public. Merrimac added new evidence for the NAC that included screen shots of the second website that clearly indicates that this allegation was false. The website referenced in **CX-73** was evaluvest.com and was the only site that screen shots were provided into evidence. New evidence was submitted with the appeal named **MERRA-5001 page 1-18** proves the second site was negligently omitted.

Richard Barrett gave information to examiner Blevins and expressly informed him it was test site and not being used. Mr. Pizzuti did a full presentation to Mr. Blevins during the cycle exam in question, yet this site never showed up in allegations by the DOE, which would have forced the DOE to drop this claim. What's worse was once again Merrimac could not speak directly to its accuser Blevins, because he was no longer working for FINRA. How convenient. According to the testimony the only FINRA witness available for this allegation was never told it was a test site by Blevins prior to his departure and she didn't learn this until the hearing. In fact, the website that was actually up for yrs. was not even in the DOE's evidence, which means they never knew it existed before they made their claims of impropriety. Had they had the second site for review they would have seen all the disclaimers, training and explanations they alleged didn't exist. They didn't bother even to ask for the second site verification before they made their defamatory allegations. No approval of this site in question was needed at the point of Blevins cycle exam because it was not being used yet. So, how could she compare the two sites and make such claims.

Page 587 lines 1-20 right at the very beginning of Ms. Gerrovaz testimony was asked if the materials on the two sites were essentially the same. She told the panel yes. This is completely false. Nowhere in the evidence does she even provide **EvaluvestP4.com**

Page 589 thru 595 Ms. Gerrovaz testimony provided information solely on the wrong beta site

Page 596 lines 5 thru 16 she said she was able to access both sites 2010 thru 2013 and print out screen shots. This is a Lie. The one site was not available She provided no screen shots or evidence identifying any evaluvestp4.com pages was ever up in her exhibits.

Page 605 lines 16-thru page 606 line1 she was asked how many times she accessed the site. She said two times. However, she then testified that there was one that was printed that she looked at out of the two. So, she actually only witness the site live one time and she is testifying to all these FINRA violations.

Page 606 lines 5 thru 25 she was asked again how she can evidence that the sites were up for several years listed in the complaint. Prior testimony she said just blog sites. This time she said Prior cycle exams. Yet, she could not provide dates or examiners or evidence of such an exam.

Page 617 1ines 9 thru page 618 line 12 she testified that she never went to check whether the actual sites were up even though she admitted she was aware there were ways of going back in time to better document their case or investigate whether it was true. She had no idea what the differences of the two sites were as she asked for clarification. In conclusion of her cross examination by Forkey she couldn't honestly say that these two sites were even up between the years 2010-2012.

The NAC should have thrown this out when they couldn't identify even two sites in the DOE's evidence.

Foreign finders

These charges must all be reversed by the NAC for all the following reasons. They never even produced a witness to support any of these charges. DOE's **exhibit CX-58** all came from Merrimac's foreign finder's folder which contained well over fifty pages and outlined the steps Merrimac had taken prior to the first trade in March. Since the only FINRA examiner that reviewed the file was FINRA examiner Dudley Blevins he would know the true facts' The policies and procedures were a summary of all the steps Merrimac had taken and was not even part of Merrimac's complete policies and procedures released and signed off on by all the brokers because this was a one-time event since the customers were previous clients of a firm called Wall Street E. Matthews had reviewed and worked on the contract and signed the contract, so he was obviously the individual responsible for the bringing them on board. Blevins and the others examiners that accompanied Blevins during his examinations were aware of these facts and the DOE could have had any one of them testify, or had the file examined by any other examiners that had visited the office after Blevins and there were many. This business was all unsolicited and was well less than 1% of Merrimac's business. The persons responsible for maintaining and establishing written policies and procedures were David Matthews and later Richard Barrett when he became President of Merrimac

Other arguments on appeal

Unfair Proceedings and Selective prosecution

The biggest insult in this whole process was reading, in this section, NAC's findings concluded that Merrimac and its member's constitutional rights were protected the whole time. What a crock of shit. My apologies.

Merrimac is under no allusion that the next few paragraphs will gain traction at the SEC. However, we would love the opportunity to pursue these injustices further and in greater detail with someone who may take an interest. Please read about David Matthews and John Dubrule below.

Every relevant and reasonable request by Merrimac was denied while every request by the DOE was approved by the hearing officer.

Important fact-The Hearing Officer, Ms. Delaney actually worked for the DOE, prior to being a hearing officer for the –you guessed it-the DOE. This is a tremendous conflict of interest, which explains the success of enforcement in most all of their hearing. As this process plays out we have found that Ms. Delany has been on multiple panels related to small broker dealers and has been involved with several section 5 cases. Therefore, with her experience and the evidence at hand there is no way she should have found Merrimac guilty of a section 5 claim unless she was a pawn of the DOE. Her activity as a FINRA hearing officer should be reviewed and questioned.

Prior to the hearing Key witness for the defendants were not allowed

Blake Snyder

The NAC stated that there is no evidence that Merrimac was targeted. Well, that's because they made sure people like Blake Snyder who did the targeting were not allowed to testify at the hearing.

During the witness exchange Blake Snyder, as a senior FINRA supervisor and FINRA surveillance director during the entire time was on the DOE's witness list. An e-mail by the DOE confirmed this. It stated "Blake Snyder and Joshua Wong are the two investigators that will be testifying on the part of enforcement". Suddenly, after March 31, 2014 Snyder was removed as a witness by enforcement. Unbelievably-the reasons that were submitted to the hearing officer (Delany) by the DOE and approved was : 1. Snyder is not technically subject to FINRA's Jurisdiction, 2. Irrelevant other than conducting a routine exam of the Firm in 2011, and the foreign finder supervision charge against respondents, this witness has no firsthand knowledge of the underlying factual allegations in the charges. That's was complete Bull…...

Then, during the hearing Respondent's requested Blake Snyder as a rebuttal witness. The DOE said he was in New York (not available). Shortly after, in the same day, Mr. Pizzuti bumped into Mr. Snyder on the same floor, in the same hallway where the hearing was taking place and was witnessed present throughout the week. Enforcement lied to the panel and to Merrimac.

Contrary to the DOE's reasoning above Blake Snyder was involved in every aspect of all FINRA's dealings with the examinations of Merrimac including when Merrimac got a cycle exam and on what type exam was needed. In fact, on March 31, 2014 attorney David Monachino admitted in an email that Blake Snyder was in charge of the Dubrule and Tuttle investigation and present at all the OTR's in this case; he was involved in the allegations of FINRA's handling of the suspension of Merrimac; he was in a conference call regarding the foreign finders allegations; he was involved in the 2010 examination and requests for the DSR's. He was the examiner in charge and present in Orlando when 2 of his examiners broke into Mr. Pizzuti's office and removed documents without permission while no Merrimac supervisors or registered persons were present removing attorney client privileged documents. This is all documented in FINRA correspondence with attorney Allan Wolper. Snyder was also responsible for giving information of an ongoing FINRA case involving Merrimac to Patrick Boyle to include on a derogatory and inflammatory web site that slander Mr. Pizzuti. In fact, Blake Snyder was told by a superior at FINRA to have FINRA's name removed from the web site. This website has destroyed Mr. Pizzuti's reputation was condoned and utilized by Blake Snyder to go after Merrimac and Mr. Pizzuti without any proof of its validity. The refusal of having Blake Snyder testify was a egregiously biased decision made by Ms. Delany in support of the DOE that substantially hurt Merrimac's ability to defend itself. Just as significant was the fact that the DOE attorney Mr. Watling lied under oath about the availability of Blake Snyder as a key rebuttal witness during the hearing.

John Kenny

During the hearing it became extremely evident that Merrimac needed to have the head of operations for Penson /Apex John Kenney available to testify during the section 5 testimonies. He was the person in charge of implementing the very first DSR application for its clearing Broker dealers. However, the DOA objected and Delany agreed saying his testimony would be irrelevant, immaterial and cumulative. Relative to the section 5 allegations the panel questioned Mr. Wong whether he bothered to reach out to John Kenny/ Penson to obtained critical information regarding Merrimac's submission to them on clearing the USOG shares in question. Mr. Wong

responded by saying Penson was now APEX clearing and there was no longer anyone from PENSON working for APEX, so the information was not available anymore. This was a lie. First, FINRA rules require such information be held for 7 yrs. for this very reason. Mr. Wong, as a regulator, certainly had the right and resources to get the information. Second, John Kenney was working at APEX when Apex took over Penson in the same position. If Wong really wanted to get to the truth he would have called Apex/Penson and spoke to John Kenny to get it. Delany's decision not to allow John Kenny to testify on Merrimac's behalf to refute Wong's testimony once again hindered Merrimac's ability to defend against the allegations.

Discovery requests denied by Ms. Delany

The next item was a discovery request by Attorney Russ Forkey for copies of 8210 requests by FINRA for the periods covered by the complaint. Once again, Ms. Delany refused this request both times. The requests would have shown that the Firm was constantly dealing with excessive detailed requests for information which could have been vital to the firm's defense. We only asked for requests which were sent to Merrimac and according to a FINRA examiner they are stored electronically and a simple matter to produce. Under these circumstances these were not privileged information. This was denied by Delany. Why was this so important? In Mr. Wong's testimony he blatantly admitted there was up to a million documents. That he didn't review the actual files in question supplied by all the cycle examiners to him at some point. These files supplied under rule 8210 would have been able to validate Merrimac's AML, red flag and, SARS, reviews that FINRA said they say they didn't get. This is not true. Merrimac couldn't even get a copy of a list of the examiners and the dates they were at Merrimac during the period of the complaint. Again, not privileged information and again denied by Ms. Delaney.

Several defendants' never had the opportunity to defend themselves and were forced to settle.

Due to the extreme sanctions imposed, the number of allegation, limited resources, and after conversations with Susan Light in NY to discuss the egregious errors within the complaint filed against Merrimac Mr. Pizzuti realized that FINRA enforcement wanted to close Merrimac down regardless. The fact that the DOE ignored such basic and

relevant Broker dealer documents such as the "DESIGNATED SUPERVISORY LOG" to clearly vindicate Pizzuti, whom had no day to day supervisory responsibilities other than to designate those responsible and review this annually memorialized by FINRA rule 3012 **(RXN57pages1-10)** letters attesting to the supervision, caused great concern. The decision, by the DOE not properly recognizing the intent of these logs instilled a continued lack of confidence in getting a fair hearing. This coupled with a lack of financial resources Mr. Pizzuti chose to settle his allegations against him and focus his remaining resources on defending the firm without any conflicts.

John Dubrule, was a party to the actions taken by the DOE. He was diagnosed during this time with a terminal illness .His whole life was turned upside down. This diagnoses created extreme financial hardship and a true inability to economically and timely defend the allegations against him. During this illness FINRA, despite his condition, forced him to travel to Boca Raton to testify. The OTR was cut short due to him having an attack in the middle of the OTR. In fact, when he requested an extension of time to respond to enforcement 8210 requests he was denied, despite providing them with requested medical proof of his illness. This is just un-thinkable. Attorney Russell Forkey can verify this refusal. He was literally forced to settle based on deadlines given by FINRA. Having survived after receiving an emergency lung transplant he has found it difficult to find employment based on FINRAS findings posted on the internet.

David Matthews, the last and most blatant abuse of FINRAS powers was regarding Merrimac's Ex-compliance officer David Matthews, whom had several supervision roles at the times in question. Years after he was in charge of certain supervision roles Mr. Matthew became terminally ill with COPD requiring oxygen 100% of the day with limited ability to walk, breath and recall critical events, times and dates. FINRA, regardless of his condition, insisted he do an OTR anyway. FINRA's despicable request ended in several embarrassing moments for Mr. Matthews having several mishaps witnessed by others. We will not detail those events in this brief. Regardless of FINRAS knowledge of Matthews they submitted his testimony into the record. It gets even worse. They requested a second OTR interview of him. At this point he was home with Hospice care. They didn't care. FINRA still requested they be allowed to go to his house and made the attempt, but was stopped by the guard gate where he

lived at the time. It gets worse-while in Hospice FINRA forced him, through his wife, to settle the allegation against him. He died shortly after. Mr. Matthew was a SRO member for well over 50 years. FINRA showed him no common courtesy or respect as a human being by destroying his honor and dignity by forcing him to go to OTR's in horrific condition and then banning him in a settlement agreement for the entire world to read on the internet. They bullied him into a settlement based on his inability to defend himself properly. The need for FINRA to destroy lives and reputation to achieve their enforcement agenda far exceeded their humanity for human life, civil rights and justice in this case.

Therefore, Pizzuti and Dubrule and Matthews never had the opportunity to defend these allegations yet FINRA enforcement, despite these tactics, were able to leverage these settlements to substantiate/exaggerate their causes of action against Merrimac.

During the hearing there was improper evidence admitted by Ms. Delany

Even more egregious was the admittance of evidence by Delany that should not have been admitted. These items were exhibits 66, 66a and 66b which should not have been allowed into evidence as they were never part of Enforcement's discovery file pursuant to Rule 9251. In fact, according to the certificate of record on May 20, 2014 this is listed as "Respondent Nash's objections to the Department of Enforcement's exhibit list", however, there is nothing in the record ever addressing this. They were never part of Discovery and were added as exhibits to give a false impression of the facts. The results of this decision by Delany resulted in what she stated in her finding on page 17 of the final panel decision's stating "Although Merrimac developed Penny Stock Procedures, it failed to ensure that its registered representative properly used the DSR Forms. Indeed, at least three registered representatives had their clients pre-sign blank DSR Forms". Are you kidding .This was not true and there was no evidence that these DSR's were used inappropriately or at all. There was absolutely no evidence that these individuals had the customers sign the form in blank. Both Wong and Watling had OTR's with all three brokers in question in 2013 and never discussed or brought up these items. FINRA had the entire stream of all the email's from the customers, but used only three E-mails to give a false impression of the circumstances to the panel. .

Ironically, The DOE's original complaint stated Merrimac didn't have adequate procedures. Yet, the panel's statement validates what Merrimac was claiming all along that it properly and timely improved its policies and Procedures as required. Delany and the DOE should not be allowed to spin the original allegations into findings that state we didn't follow the procedures they alleged we never had. In addition, when Merrimac /Nash needed to combat this surprise submission and requested that Harry Stone testify on our behalf and Merrimac as one of those brokers involved Both Merrimac and Nash were once again told his testimony wasn't necessary as he had nothing to add. Obviously, this was not true by reading the panel's findings. For these reasons noted alone the entire decision should be reversed.

Supported by Ms. Delany the DOE was able to thwart off all credible witnesses for the respondent and replaced them with an incompetent manipulating liar.

Joshua Wong testified about AML violations. His inexperience regarding how he determined what a red flag was became apparent and appalling throughout the hearing. When he was asked what THE PARIOT ACT was he said he didn't know, although he had heard of it? He didn't know what MIS was, although thousands of broker dealers and banks use the information including Merrimac, as part of their AML review. He didn't think an OFAC check was a part of AML and it was part of the Bank Secrecy Act which he believed different and not covered under Rules 3310 and 3011. Just review the first paragraph of FINRA AML rules to see that not knowing these essential facts should indicate he's not qualified to even give testimony regarding AML violations. He testified that third party wires from an account were not necessarily suspicious; however, a customer wiring funds to their own checking account was a red flag. He testified that selling stock after a press release by the company is a red flag and in one instance the company's latest press release were the company's earnings. When Wong was questions regarding the USOG -section 5 allegation by Mr. Forkey ifehe was able to find any Form 3, Form 4 or 13d filings for USOG he didn't even know what the Forms were.

If the DOE reviews Merrimac's post hearing brief specifically the mischaracterization and omissions of known date's times and events by Wong referencing to several Brokers OTR's are flagrant and should be actionable.

Wong's mischaracterization of specific OTR's and the taking out of context to create events that never happened should be actionable on both Him and the DOE.

Enforcement was allowed to provide indirect evidence by cycle examiners who no longer worked for FINRA to say that Stephen Pizzuti, the CEO had provided misleading securities related communications to the public. Then FINRA was allowed to submit this evidence through testimony by another FINRA examiner that had no hands on validation of this same cycle examiners work product. The real tragedy here is that Merrimac was not allowed to have prior 8210 request work product by the original cycle examiner that would show that FINRA was mistaken. In fact- the sites referenced in the complaint were not even up during the relevant time frame. Therefore, how could Mr. Nash/Pizzuti and the firm be in violation of advertising issues and oversight on something that didn't exist?

The DOE allowed Mr. Wong to create false and misleading exhibits for the panel without verifying the accuracy of these exhibits

Exhibit CX-75

Wong testified about an exhibit CX-75 he boldly titled Schedule of forged DSRQ Forms he created. He continually asserted that each DSR in his exhibit CX-75 no.'s 1-37 in the document were forgeries of Nash's signature and that Nash knowing provided these DSR's to FINRA. The testimony and evidence have proved him and his exhibit completely wrong and purposely manipulative in its layout.

The Section 5 CX-74 exhibit

This exhibit, created by Wong, attempted to prove the DOE's section 5 allegations. It was proven to be completely wrong. Both testimony and evidence revealed this and more are provided in this brief. In fact, if the NAC reviews the testimony on this exhibit it will show just how inaccurate and incompetent Mr. Wong was on this issue.

Penny stock transaction spreadsheet exhibit 42C was a farce created to mislead the panel

Mr. Wong created a spreadsheet exhibit that was designed to prove to the panel that Merrimac did 570 transactions in low price penny stocks prior to 2009. This was grossly and deliberately misleading as the only criteria used being anything that transacted under $5, which, you guessed it, stocks like Ford etc.

Conclusion

First, as a FINRA member for 30 plus years I not am prescribing that Merrimac was perfect and without fault. This doesn't mean my firm should have been strategically targeted and dismantled by the DOE. Despite being left with no choice but to withdraw Merrimac's broker dealer registration on May 15th 2015, we will not allow the DOE's actions to go unchallenged. Their egregious and reckless conduct has spiraled out of control over the last decade and its members are falling off by the hundreds each and every year because of it. No longer can a Small firm defend itself against an SRO that only cares about fining its members who can afford to pay, while eliminating those that can't. We call this the FINRA "PAY to PLAY" roulette game. Other may call it extortion.

The frustrating part of FINRA is that they have been attacking its members while characterizing their actions as "Investor Protection" This is rarely the case. Most enforcement cases have been subjective AML or Red flag cases that are impossible to defend because they are based on the opinion of FINRA. FINRA gets to arbitrarily determine what constitutes a red flag or what's considered reasonable supervision, etc. Then, if you choose to defend yourself you have to defend yourself against their opinion to a panel that's run by an Ex DOE employee that decides your fate based on their opinion. It's not possible to defend.

Being that FINRA enforcement and its staff have immunity from any type of civil or criminal prosecution by its members for any of this horrific behavior they're actions have been going on without consequence and mostly unchallenged. Why, because no attorneys will defend the constitutional rights of FINRA broker dealers and their registered reps because they have no constitutional rights against FINRA.

In this case we believe that the Attorneys for DOE, along with the hearing chairperson should be fired for conspiring together. This is wrong. There is no way they did not speak to each other prior to the chairpersons'

decision to rule against us. Evidence also suggests that the DOE has been speaking to the NAC prior to their findings. There was absolutely no impartiality in this case and total lack of any due process. We are aware of similar cases Ms. Delaney presided over with similar results so we are also asking the SEC to please review other cases involving Ms. Delaney.

FINRA is the only organization that takes enforcement actions against its own members for securities violation that never happened. Then, when possible fines its members and keeps the money for themselves and gives nothing to the investment public they claim they're protecting.

Thank you for your consideration in this matter

Stephen Pizzuti

Ex- CEO of Merrimac Corp Sec. Inc.

Appeal Exhibit Index

MERRA-0501 -- Enforcement's Forged DSR List (Modified) PDF Page 2

MERRA-0601 – Analysis of Items on Enforcement DSR List MERRA-0501 PDF Page 9

MERRA-0701 – Chronology of the DSR's sent to FINRA PDF Page 515

MERRA-1001 through MERR-1032 – DSR's emails sent by Cecilia Schiffer to Merrimac PDF Page 1167

MERR-3001 -- Emails containing Signed DSR's sent by Bob to CS All are on Enforcement's "Forged" list. PDF Page 1168

MERRA-4001 – Jeff Turnbull's USOG Conversion Documents PDF Page 1191

MERRA-5001 – Website Screenshots PDF Page 1253

MERRA-6001 – Fedex Tracking Info of Documents sent to and from FINRA PDF Page 1272