

BrokerCheck Report

SECURITIES AMERICA, INC.

CRD# 10205

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



SECURITIES AMERICA, INC.

CRD# 10205

SEC# 8-26602

Main Office Location

12325 PORT GRACE BLVD.
LAVISTA, NE 68128
Regulated by FINRA Kansas City Office

Mailing Address

P. O. BOX 460001
PAPILLION, NE 68046-0001

Business Telephone Number

402/399-9111

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 03/08/1984.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 14 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	55
Arbitration	27
Bond	5



Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 03/08/1984.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

SECURITIES AMERICA, INC.

Doing business as **SECURITIES AMERICA, INC.**

CRD# 10205

SEC# 8-26602

Main Office Location

12325 PORT GRACE BLVD.
LAVISTA, NE 68128

Regulated by FINRA Kansas City Office

Mailing Address

P. O. BOX 460001
PAPILLION, NE 68046-0001

Business Telephone Number

402/399-9111

Other Names of this Firm

Name	Where is it used
SECURITIES AMERICA FINANCIAL SERVICES	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any): SECURITIES AMERICA FINANCIAL CORP.

Is this a domestic or foreign entity or an individual? Domestic Entity

Position SHAREHOLDER

Position Start Date 10/1985

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): CORNICK, GREGORY ALLEN
3132991

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR

Position Start Date 12/2020

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): GRIFFITH, DOREEN LOUISE
4110247

Is this a domestic or foreign entity or an individual? Individual

Position EXECUTIVE VICE PRESIDENT, CHIEF INFORMATION OFFICER

Position Start Date 01/2012



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): HAMMOND, DORI JAMILLE
3259012

Is this a domestic or foreign entity or an individual? Individual

Position INTERIM CHIEF COMPLIANCE OFFICER

Position Start Date 09/2020

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): HULETT, KIRK JESSE
2528380

Is this a domestic or foreign entity or an individual? Individual

Position EXECUTIVE VICE PRESIDENT, STRATEGY & PRACTICE MANAGEMENT, DIRECTOR

Position Start Date 01/2012

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Firm Profile



Direct Owners and Executive Officers (continued)

Legal Name & CRD# (if any): MEYERS, JAMES GEORGE
1512160

Is this a domestic or foreign entity or an individual? Individual

Position SENIOR VICE PRESIDENT, CHIEF OPERATIONS OFFICER

Position Start Date 05/2018

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): NAGENGAST, JAMES DELWYN
2571451

Is this a domestic or foreign entity or an individual? Individual

Position PRESIDENT, DIRECTOR & CEO

Position Start Date 07/2010

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): PRICE, JAMES DALE
1243224

Is this a domestic or foreign entity or an individual? Individual

Position CHAIRMAN

Position Start Date 05/2020

Percentage of Ownership Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): SCHLUETER, MATTHEW ADAM
2627931

Is this a domestic or foreign entity or an individual? Individual

Position EXECUTIVE VICE PRESIDENT, DIRECTOR

Position Start Date 05/2020

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): SCHMIDT, DAVID MARTIN
5675524

Is this a domestic or foreign entity or an individual? Individual

Position TREASURER, FINANCIAL AND OPERATIONS PRINCIPAL

Position Start Date 06/2021

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	ADVISOR GROUP HOLDINGS, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	SECURITIES AMERICA FINANCIAL CORPORATION
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	02/2020
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	AG ARTEMIS HOLDINGS, L.P.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	AG INTERMEDIATE CORP.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	08/2019
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	AG INTERMEDIATE CORP.
Is this a domestic or foreign entity or an individual?	Domestic Entity



Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established LADENBURG THALMANN FINANCIAL SERVICES, INC.

Relationship to Direct Owner SHAREHOLDER

Relationship Established 08/2019

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): AG PARENT CORP.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established ADVISOR GROUP HOLDINGS, INC.

Relationship to Direct Owner SHAREHOLDER

Relationship Established 08/2019

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): LADENBURG THALMANN FINANCIAL SERVICES, INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established AG PARENT CORP.

Relationship to Direct Owner SHAREHOLDER

Relationship Established 11/2011



Firm Profile

Indirect Owners (continued)

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): RCP GENPAR HOLDCO LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established RCP GENPAR LP

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 08/2014

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): RCP GENPAR LP

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established RCP OPP FUND II GP, LP

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 01/2018

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

Indirect Owners (continued) company?

Legal Name & CRD# (if any):	RCP OPP FUND II GP, LP
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	AG ARTEMIS HOLDINGS GP, LLC
Relationship to Direct Owner	MEMBER
Relationship Established	05/2019
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	RCP OPP FUND II GP, LP
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	RCP ARTEMIS CO-INVEST GP LLC
Relationship to Direct Owner	MEMBER
Relationship Established	05/2019
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	THE BERLINSKI FAMILY 2006 TRUST
Is this a domestic or foreign entity or an individual?	Domestic Entity



Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established MRB ICBC LLC

Relationship to Direct Owner MEMBER

Relationship Established 08/2014

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): RCP ARTEMIS CO-INVEST, L.P.

Is this a domestic or foreign entity or an individual? Foreign Entity

Company through which indirect ownership is established AG ARTEMIS HOLDINGS, L.P.

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 08/2019

Percentage of Ownership 50% but less than 75%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): BERLINSKI, MILTON RALPH
1710939

Is this a domestic or foreign entity or an individual? Individual

Company through which indirect ownership is established RCP GENPAR HOLDCO LLC

Relationship to Direct Owner MEMBER

Firm Profile



Indirect Owners (continued)

Relationship Established	08/2014
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BERLINSKI, MILTON RALPH 1710939
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	THE BERLINSKI FAMILY 2006 TRUST
Relationship to Direct Owner	TRUSTEE
Relationship Established	06/2006
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	MRB ICBC LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	RCP GENPAR HOLDCO LLC
Relationship to Direct Owner	MEMBER
Relationship Established	08/2014
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of	Yes



Firm Profile

Indirect Owners (continued) the firm?

Is this a public reporting company? No

Legal Name & CRD# (if any): AG ARTEMIS HOLDINGS GP, LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established AG ARTEMIS HOLDINGS, L.P.

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 05/2019

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): BERLINSKI, MILTON RALPH
1710939

Is this a domestic or foreign entity or an individual? Individual

Company through which indirect ownership is established RCP OPP FUND II GP, LP

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 01/2018

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

Indirect Owners (continued)

Legal Name & CRD# (if any): BERLINSKI, MILTON RALPH
1710939

Is this a domestic or foreign entity or an individual? Individual

Company through which indirect ownership is established RCP GENPAR LP

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 08/2014

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): BERLINSKI, MILTON RALPH
1710939

Is this a domestic or foreign entity or an individual? Individual

Company through which indirect ownership is established MRB ICBC LLC

Relationship to Direct Owner INVESTMENT MANAGER

Relationship Established 08/2014

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): RCP ARTEMIS CO-INVEST GP LLC

Is this a domestic or foreign Domestic Entity

Firm Profile



Indirect Owners (continued) entity or an individual?

Company through which indirect ownership is established	RCP ARTEMIS CO-INVEST, L.P.
Relationship to Direct Owner	GENERAL PARTNER
Relationship Established	05/2019
Percentage of Ownership	Other General Partners
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	09/18/1981

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	11/03/1981



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	05/04/1989	North Carolina	Approved	01/02/1985
Alaska	Approved	01/21/1985	North Dakota	Approved	07/18/1985
Arizona	Approved	07/11/1985	Ohio	Approved	04/05/1989
Arkansas	Approved	02/08/1989	Oklahoma	Approved	11/29/1984
California	Approved	11/07/1984	Oregon	Approved	01/02/1985
Colorado	Approved	05/21/1984	Pennsylvania	Approved	02/13/1986
Connecticut	Approved	09/24/1986	Puerto Rico	Approved	11/10/2009
Delaware	Approved	06/13/1990	Rhode Island	Approved	06/23/1989
District of Columbia	Approved	08/21/1989	South Carolina	Approved	09/03/1987
Florida	Approved	01/14/1985	South Dakota	Approved	03/05/1985
Georgia	Approved	12/07/1984	Tennessee	Approved	11/06/1984
Hawaii	Approved	08/20/1990	Texas	Approved	06/25/1987
Idaho	Approved	02/11/1986	Utah	Approved	07/23/1985
Illinois	Approved	03/01/1985	Vermont	Approved	01/15/1985
Indiana	Approved	11/27/1984	Virgin Islands	Approved	07/11/2006
Iowa	Approved	11/28/1984	Virginia	Approved	03/29/1985
Kansas	Approved	11/07/1984	Washington	Approved	02/02/1989
Kentucky	Approved	01/01/1985	West Virginia	Approved	03/27/1989
Louisiana	Approved	03/06/1985	Wisconsin	Approved	01/02/1987
Maine	Approved	08/16/1989	Wyoming	Approved	06/25/1990
Maryland	Approved	11/02/1984			
Massachusetts	Approved	01/07/1985			
Michigan	Approved	01/02/1985			
Minnesota	Approved	03/26/1985			
Mississippi	Approved	02/12/1985			
Missouri	Approved	01/04/1985			
Montana	Approved	01/01/1989			
Nebraska	Approved	07/11/1989			
Nevada	Approved	01/16/2020			
New Hampshire	Approved	09/27/1989			
New Jersey	Approved	08/21/1989			
New Mexico	Approved	07/07/1988			
New York	Approved	09/28/1989			



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 14 types of businesses.

Types of 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
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: 13(B) - SECURITIES AMERICA, INC. ALSO OFFERS FIXED INSURANCE AND ANNUITY PRODUCTS THAT WOULD BE CONSIDERED NON-SECURITIES PRODUCTS.



Firm Operations

Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
 JERSEY CITY, NJ 07399
Effective Date: 04/01/2004
Description: SECURITIES AMERICA HAS ENTERED IN TO A SECOND AGREEMENT TO INTRODUCE CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS. THE SECOND AGREEMENT IS WITH PERSHING LLC.

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 260 FRANKLIN STREET - L17C
 BOSTON, MA 02109
Effective Date: 01/25/1991
Description: SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES CORP. ON A FULLY-DISCLOSED BASIS.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: ACCESS

Business Address: 8600 NE UNDERGROUND DRIVE
PILLAR 128
KANSAS CITY, MO 64161

Effective Date: 02/24/2017

Description: CLIENT FILES AND RECORDS, COMPANY FILES AND RECORDS.

Name: SMARSH INC

Business Address: 851 SW 6TH AVE, STE 800
PORTLAND, OR 97204

Effective Date: 11/04/2013

Description: EMAIL COMMUNICATIONS RECORDS AND FILES

Name: REGED, INC.

Business Address: 2100 GATEWAY CENTRE BLVD
SUITE 200
MORRISVILLE, NC 27560

Effective Date: 06/24/2008

Description: ADVERTISING AND REPRESENTATIVE RECORDS AND FILES

This firm does have accounts, funds, or securities maintained by a third party.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 04/01/2004

Description: SECURITIES AMERICA HAS ENTERED IN TO A SECOND AGREEMENT TO INTRODUCE CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS. THE SECOND AGREEMENT IS WITH PERSHING LLC.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 260 FRANKLIN STREET - L17C

Firm Operations



Industry Arrangements (continued)

BOSTON, MA 02109

Effective Date: 01/25/1991

Description: SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES LLC ON A FULLY-DISCLOSED BASIS.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 04/01/2004

Description: SECURITIES AMERICA HAS ENTERED IN TO A SECOND AGREEMENT TO INTRODUCE CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS. THE SECOND AGREEMENT IS WITH PERSHING LLC.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 260 FRANKLIN STREET - L17C
BOSTON, MA 02109

Effective Date: 01/25/1991

Description: SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES LLC ON A FULLY-DISCLOSED BASIS.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

REVERENCE CAPITAL PARTNERS is under common control with the firm.

CRD #:	171471
Business Address:	10 EAST 53RD STREET 14TH FLOOR NEW YORK, NY 10022
Effective Date:	02/14/2020
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	APPLICANT AND REVERENCE CAPITAL PARTNERS ARE UNDER COMMON CONTROL THROUGH ASSOCIATION WITH MILTON RALPH BERLINSKI.

LADENBURG THALMANN FINANCIAL SERVICES, INC controls the firm.

Business Address:	522 MADISON AVENUE 11TH FLOOR NEW YORK, NY 10024
Effective Date:	11/04/2011
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT AND LADENBURG THALMANN FINANCIAL SERVICES, INC. ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

Firm Operations**Organization Affiliates (continued)****RCP ARTEMIS CO-INVEST LP controls the firm.**

Business Address: UGLAND HOUSE, SOUTH CHURCH STREET
PO BOX 309
GRAND CAYMAN, CAYMAN ISLANDS KY1-1104

Effective Date: 02/14/2020

Foreign Entity: Yes

Country: CAYMAN ISLANDS

Securities Activities: No

Investment Advisory Activities: Yes

Description: RCP ARTEMIS CO-INVEST, L.P. INDIRECTLY CONTROLS THE APPLICANT.

VISION2020 WEALTH MANAGEMENT CORPORATION is under common control with the firm.

Business Address: 10 EXCHANGE PLACE
SUITE 1410
JERSEY CITY, NJ 07302

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: APPLICANT AND VISION2020 WEALTH MANAGEMENT CORPORATION ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

ROYAL ALLIANCE ASSOCIATES, INC. is under common control with the firm.

CRD #: 23131

Business Address: 10 EXCHANGE PLACE
SUITE 1410
JERSEY CITY, NJ 07302

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND ROYAL ALLIANCE ASSOCIATES, INC. ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

WOODBURY FINANCIAL SERVICES, INC. is under common control with the firm.

CRD #: 421

Business Address: 7755 3RD STREET NORTH
OAKDALE, MN 55128

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND WOODBURY FINANCIAL SERVICES, INC. ARE UNDER COMMON CONTROL OF OF ADVISOR GROUP HOLDINGS, INC.

SAGEPOINT FINANCIAL, INC. is under common control with the firm.

CRD #: 133763

Business Address: 20 EAST THOMAS ROAD
SUITE 2000
PHOENIX, AZ 85012

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND SAGEPOINT FINANCIAL, INC. ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

FSC SECURITIES CORPORATION is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

CRD #: 7461

Business Address: 2300 WINDY RIDGE PARKWAY
SUITE 750N
ATLANTA, GA 30339

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND FSC SECURITIES CORPORATION ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

AG INTERMEDIATE CORP. controls the firm.

Business Address: 20 EAST THOMAS ROAD
SUITE 2000
PHOENIX, AZ 85012

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: AG INTERMEDIATE CORP. IS AN INDIRECT OWNER OF APPLICANT

TRIAD HYBRID SOLUTIONS, LLC is under common control with the firm.

CRD #: 171070

Business Address: 5155 PEACHTREE PARKWAY
SUITE 3230
NORCROSS, GA 33093

Effective Date: 07/07/2014

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities: No

Investment Advisory Activities: Yes

Description: APPLICANT AND TRIAD HYBRID SOLUTIONS, LLC ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

ARBOR POINT ADVISORS is under common control with the firm.

CRD #: 165127

Business Address: 12325 PORT GRACE BLVD
LA VISTA, NE 68128

Effective Date: 09/28/2012

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: AFFILIATED REGISTERED INVESTMENT ADVISORY FIRM UNDER THE COMMON OWNERSHIP OF SECURITIES AMERICA FINANCIAL CORP

AG PARENT CORP. controls the firm.

Business Address: 20 EAST THOMAS ROAD
SUITE 2000
PHOENIX, AZ 85012

Effective Date: 02/14/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: AG PARENT CORP. IS AN INDIRECT OWNER OF APPLICANT

TRIAD ADVISORS LLC is under common control with the firm.

CRD #: 25803

Firm Operations**Organization Affiliates (continued)**

Business Address: 5185 PEACHTREE PARKWAY
SUITE 280
NORCROSS, GA 33092

Effective Date: 11/04/2011

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND TRIAD ADVISORS, LLC ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

LADENBURG THALMANN ASSET MANAGEMENT INC is under common control with the firm.

CRD #: 108604

Business Address: 520 MADISON AVENUE
9TH FLOOR
NEW YORK, NY 10022

Effective Date: 11/04/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: APPLICANT AND LADENBURG THALMANN ASSET MANAGEMENT INC. ARE UNDER COMMON CONTROL OF ADVISOR GROUP HOLDINGS, INC.

LADENBURG THALMANN & CO. INC. is under common control with the firm.

CRD #: 505

Business Address: 520 MADISON AVENUE, 9TH FLOOR
NEW YORK, NY 10022

Effective Date: 11/04/2011

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT AND LADENBURG THALMANN & CO. INC. ARE UNDER COMMON CONTROL OF OF ADVISOR GROUP HOLDINGS, INC.

SECURITIES AMERICA ADVISORS, INC. is under common control with the firm.

CRD #:	110518
Business Address:	12325 PORT GRACE BLVD. LAVISTA, NE 68128
Effective Date:	01/25/1994
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	AFFILIATED REGISTERED INVESTMENT ADVISORY FIRM UNDER THE COMMON OWNERSHIP OF SECURITIES AMERICA FINANCIAL CORP.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	55	0
Arbitration	N/A	27	N/A
Bond	N/A	5	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 55

Reporting Source: Regulator
Current Status: Final



Allegations: SAI RECOMMENDED THE PURCHASE OF UNSUITABLE BDCA SECURITIES TO THE CLIENT BASED ON FACTORS SUCH AS AGE, INVESTMENT OBJECTIVE, AND TIME HORIZON. SAI FAILED TO SUPERVISE THE ACTIVITIES OF ITS BROKER-DEALER AGENT IN CONNECTION WITH THE CLIENT'S PURCHASE OF THE BDCA SHARES.

Initiated By: VIRGINIA STATE CORPORATION COMMISSION

Date Initiated: 04/16/2021

Docket/Case Number: SEC-2021-00008

URL for Regulatory Action: [HTTPS://WWW.SCC.VIRGINIA.GOV/DOCKETSEARCH#/CASEDETAILS/141875](https://www.scc.virginia.gov/docketsearch#/casedetails/141875)

Principal Product Type: Other

Other Product Type(s): ALTERNATIVE INVESTMENT--BDC

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: RESTITUTION
\$20,000 CIVIL PENALTY - \$5,000 COST OF INVESTIGATION

REPURCHASE THE REMAINING SHARES OF BDCA FROM CLIENT FOR THE FULL PURCHASE PRICE OF \$50,000.

Resolution: Settled

Resolution Date: 08/05/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$25,000.00
Disgorgement/Restitution

Other Sanctions Ordered: PERMANENTLY ENJOINED FROM VIOLATING THE ACT IN THE FUTURE.

REPURCHASE REMAINING BDCA SHARES FROM CLIENT FOR FULL PURCHASE PRICE OF \$50,000.

Sanction Details: \$20,000 CIVIL PENALTY; \$5,000 COST OF INVESTIGATION -- BOTH PAID BY CHECK DATED 04/05/2021.

REPURCHASE OF BDCA SHARES FOR \$50,000 COMPLETED ON 8/5/2021.



Reporting Source: Firm

Current Status: Final

Allegations: REPRESENTATIVE ALLEGEDLY VIOLATED RULE 21 VAC 5-20-280 (A)(3) OF THE STATE CORPORATION COMMISSION'S ("COMMISSION") DIVISION OF SECURITIES AND RETAIL FRANCHISING'S RULES GOVERNING BROKER-DEALERS AND RULE 21 VAC 5-80-200 (A)(1) OF THE COMMISSION'S RULES GOVERNING INVESTMENT ADVISORS BY RECOMMENDING THE PURCHASE OF AN UNSUITABLE INVESTMENT THE COMMISSION ALLEGES SECURITIES AMERICA, INC. AND SECURITIES AMERICA ADVISORS, INC. FAILED TO REASONABLY SUPERVISE ONE OF THEIR FINANCIAL PROFESSIONALS FOR RECOMMENDING THE PURCHASE OF AN UNSUITABLE INVESTMENT TO THE CLIENT.

Initiated By: COMMONWEALTH OF VIRGINIA, STATE CORPORATION COMMISSION

Date Initiated: 03/19/2021

Docket/Case Number: SEC-2021-00008

Principal Product Type: Other

Other Product Type(s): ILLIQUID ALTERNATIVE INVESTMENT

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: REPURCHASE OF CLIENT INVESTMENT; MONETARY PENALTY; INVESTIGATION COSTS

Resolution: Order

Resolution Date: 08/05/2021

Sanctions Ordered: Monetary/Fine \$20,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: \$5,000 TO VIRGINIA TO HELP DEFRAY COSTS OF INVESTIGATION. PURCHASE THE REMAINING SHARES OF CLIENT'S INVESTMENT FOR THE FULL PURCHASE PRICE OF \$50,000.

Sanction Details: FIRMS AGREED TO REPURCHASE CLIENT'S REMAINING SHARES AT FULL PURCHASE PRICE OF \$50,000, TO PAY PENALTIES AND COSTS TOTALING \$25,000, AND AGREED TO BE ENJOINED FROM VIOLATING THE VIRGINIA SECURITIES ACT IN THE FUTURE.

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRMS AGREED TO PURCHASE THE REMAINING SHARES OF THE CLIENT'S ORIGINAL INVESTMENT FOR THE FULL PURCHASE PRICE OF \$50,000 AND PAY PENALTIES AND COSTS TOTALING \$25,000. THE FIRMS ALSO AGREED TO



BE ENJOINED FROM VIOLATING THE VIRGINIA SECURITIES ACT IN THE FUTURE.

Disclosure 2 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY SUPERVISE REPRESENTATIVES' RECOMMENDATIONS OF AN ALTERNATIVE MUTUAL FUND. THE FINDINGS STATED THAT THE FIRM PERMITTED THE SALE OF THE FUND ON ITS PLATFORM WITHOUT CONDUCTING REASONABLE DUE DILIGENCE AND WITHOUT A SUFFICIENT UNDERSTANDING OF ITS RISKS AND FEATURES, INCLUDING THE FACT THAT THE FUND PURSUED A RISKY STRATEGY THAT RELIED, IN PART, ON PURCHASING UNCOVERED OPTIONS. THE FIRM ALSO LACKED A REASONABLE SUPERVISORY SYSTEM TO REVIEW REPRESENTATIVES' FUND RECOMMENDATIONS. THE FIRM DID NOT PROVIDE REASONABLE GUIDANCE OR TRAINING TO REPRESENTATIVES REGARDING THE RISKS AND FEATURES OF ALTERNATIVE MUTUAL FUNDS AND DID NOT HAVE WRITTEN SUPERVISORY PROCEDURES (WSPS) ADVISING FIRM PRINCIPALS HOW TO SUPERVISE RECOMMENDATIONS OF ALTERNATIVE MUTUAL FUNDS. WHILE REPRESENTATIVES WERE REQUIRED TO TAKE SPECIAL TRAININGS FOR SPECIFIC PRODUCTS OR CATEGORIES OF ALTERNATIVE INVESTMENT PRODUCTS PRIOR TO SELLING THOSE PRODUCTS, THERE WAS NO SUCH REQUIRED TRAINING FOR THE FUND AT THE FIRM. SIMILARLY, THERE WAS NO REQUIRED TRAINING FOR PRINCIPALS REGARDING ALTERNATIVE MUTUAL FUNDS SUCH AS THE FUND. IN ADDITION, THE FIRM FAILED TO CONSIDER WHETHER THE RULES OF ITS ELECTRONIC TRADE REVIEW SYSTEM PERTAINING TO TRADITIONAL MUTUAL FUNDS WERE REASONABLE FOR USE IN REVIEWING ALTERNATIVE MUTUAL FUNDS THAT UTILIZE A MORE COMPLEX STRATEGY, SUCH AS THE FUND, OR WHETHER IT MAY BE NECESSARY TO TAILOR THE TOOL'S RULES TO ADDRESS PARTICULAR RISKS AND CHARACTERISTICS OF ALTERNATIVE MUTUAL FUNDS, INCLUDING THE FUND. AS A RESULT, THE FIRM'S FUND TRANSACTIONS WERE GENERALLY NOT IDENTIFIED FOR ADDITIONAL SUITABILITY REVIEW. FIRM REPRESENTATIVES SOLD MORE THAN \$616,000 IN THE FUND TO CUSTOMERS. THE FUND'S VALUE DROPPED 80 PERCENT DURING AN EXTREME VOLATILITY EVENT AND THE FUND ULTIMATELY LIQUIDATED AND CLOSED, RESULTING IN HUNDREDS OF THOUSANDS IN LOSSES FOR THE FIRM'S CUSTOMERS.

Initiated By: FINRA



Date Initiated: 03/29/2021

Docket/Case Number: [2019061765001](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/29/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00
Disgorgement/Restitution

Other Sanctions Ordered: PLUS INTEREST; CERTIFICATION

Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000, ORDERED TO PAY \$235,979.77, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND ORDERED TO CERTIFY TO FINRA THAT IT HAS ESTABLISHED AND IMPLEMENTED POLICIES, PROCEDURES, AND INTERNAL CONTROLS REASONABLY DESIGNED TO ADDRESS AND REMEDIATE THE ISSUES IDENTIFIED IN THE AWC WITHIN 90 DAYS. FINE PAID IN FULL ON APRIL 8, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGATIONS ARE THE FIRM FAILED TO REASONABLY SUPERVISE REPRESENTATIVES' RECOMMENDATIONS OF AN ALTERNATIVE MUTUAL FUND AND PERMITTED THE SALE OF THE FUND ON ITS PLATFORM WITHOUT CONDUCTING REASONABLE DUE DILIGENCE AND WITHOUT A SUFFICIENT UNDERSTANDING OF ITS RISKS AND FEATURES, INCLUDING THE FACT THAT THE FUND PURSUED A RISKY STRATEGY THAT RELIED, IN PART, ON PURCHASING UNCOVERED OPTIONS. ADDITIONALLY, ALLEGATIONS ARE THE THE FIRM LACKED A REASONABLE SUPERVISORY



SYSTEM TO REVIEW REPRESENTATIVES' FUND RECOMMENDATIONS AND THE FIRM DID NOT PROVIDE REASONABLE GUIDANCE OR TRAINING TO REPRESENTATIVES REGARDING THE RISKS AND FEATURES OF ALTERNATIVE MUTUAL FUNDS AND DID NOT HAVE WRITTEN SUPERVISORY PROCEDURES (WSPS) ADVISING FIRM PRINCIPALS HOW TO SUPERVISE RECOMMENDATIONS OF ALTERNATIVE MUTUAL FUNDS.

Initiated By: FINRA

Date Initiated: 03/29/2021

Docket/Case Number: [2019061765001](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: MONETARY FINE AND RESTITUTION TO CUSTOMERS PLUS INTEREST

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/29/2021

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00
Disgorgement/Restitution

Other Sanctions Ordered: PLUS INTEREST; CERTIFICATION

Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000, ORDERED TO PAY \$235,979.77, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND ORDERED TO CERTIFY TO FINRA THAT IT HAS ESTABLISHED AND IMPLEMENTED POLICIES, PROCEDURES, AND INTERNAL CONTROLS REASONABLY DESIGNED TO ADDRESS AND REMEDIATE THE ISSUES IDENTIFIED IN THE AWC WITHIN 90 DAYS.

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM WAS CENSURED, FINED \$100,000, ORDERED TO PAY \$235,979.77, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND ORDERED TO CERTIFY TO FINRA THAT IT HAS ESTABLISHED AND IMPLEMENTED POLICIES, PROCEDURES, AND INTERNAL CONTROLS REASONABLY DESIGNED TO ADDRESS AND REMEDIATE THE ISSUES IDENTIFIED IN THE AWC WITHIN 90 DAYS.

Disclosure 3 of 55

Reporting Source: Regulator



Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT CAUSED REGISTERED REPRESENTATIVES, WHOM THE FIRM WAS RECRUITING, TO TAKE NON-PUBLIC PERSONAL CUSTOMER INFORMATION FROM THE BROKER-DEALERS WHERE THE REPRESENTATIVES WERE THEN REGISTERED AND TO DISCLOSE IT TO A THIRD PARTY WITHOUT THE OTHER BROKER-DEALERS' OR THE CUSTOMERS' KNOWLEDGE OR CONSENT, CAUSING THOSE BROKER-DEALERS TO VIOLATE THE SEC'S REGULATION S-P: PRIVACY OF CONSUMER FINANCIAL INFORMATION AND SAFEGUARDING INFORMATION (REGULATION S-P). THE FINDINGS STATED THAT THE FIRM KNEW THAT THESE BROKER-DEALERS' PRIVACY POLICIES DID NOT AUTHORIZE THE DISCLOSURE OF CUSTOMERS' NON-PUBLIC PERSONAL INFORMATION. IN ADDITION, THE FIRM UNDERSTOOD THAT THE THIRD PARTY WOULD COLLECT INFORMATION ABOUT THE RECRUITED REPRESENTATIVES' CUSTOMERS, INCLUDING NON-PUBLIC PERSONAL INFORMATION SUCH AS CUSTOMERS' SOCIAL SECURITY NUMBERS, DRIVER'S LICENSE NUMBERS, AND BIRTH DATES, AS WELL AS INFORMATION PERTAINING TO THEIR FINANCIAL POSITION. ONCE A RECRUITED REPRESENTATIVE BECAME REGISTERED THROUGH THE FIRM, THE VENDOR USED THE CUSTOMERS' INFORMATION TO AUTOMATICALLY PRE-POPULATE NEW ACCOUNT FORMS.
Initiated By:	FINRA
Date Initiated:	02/23/2021
Docket/Case Number:	2019064323201
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/23/2021
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No



Sanctions Ordered:	Censure Monetary/Fine \$125,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$125,000. FINE PAID IN FULL ON MARCH 4, 2021.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGATIONS ARE THE FIRM CAUSED REGISTERED REPRESENTATIVES, WHOM THE FIRM WAS RECRUITING, TO TAKE NON-PUBLIC PERSONAL CUSTOMER INFORMATION FROM THE BROKER-DEALERS WHERE THE REPRESENTATIVES WERE THEN REGISTERED AND TO DISCLOSE IT TO A THIRD PARTY WITHOUT THE OTHER BROKER-DEALERS' OR THE CUSTOMERS' KNOWLEDGE OR CONSENT, CAUSING THOSE BROKER-DEALERS TO VIOLATE THE SEC'S REGULATION S-P: PRIVACY OF CONSUMER FINANCIAL INFORMATION AND SAFEGUARDING INFORMATION (REGULATION S-P).
Initiated By:	FINRA
Date Initiated:	02/23/2021
Docket/Case Number:	2019064323201
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/23/2021
Sanctions Ordered:	Censure Monetary/Fine \$125,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$125,000.
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDING, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND ENTRY OF FINDINGS. THEREFORE,



THE FIRM WAS CENSURED AND FINED \$125,000.

Disclosure 4 of 55

Reporting Source:

Regulator

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES COMPLIED WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND RULES. THE FINDINGS STATED THAT THE FIRM SOLD VARIABLE ANNUITY CONTRACTS WITH THE OPTION OF DIFFERENT SHARE CLASSES, INCLUDING B-SHARE CONTRACTS AND L-SHARE CONTRACTS. THE FIRM'S PROCEDURES DID NOT SPECIFICALLY ADDRESS THE SUITABILITY ISSUES PERTAINING TO THE FEES AND COSTS OR SURRENDER PERIODS OF THE DIFFERENT VARIABLE ANNUITY SHARE CLASSES. SIMILARLY, THE FIRM'S PROCEDURES DID NOT SPECIFICALLY ADDRESS THE SUITABILITY CONCERNS RAISED BY THE SALE OF AN L-SHARE CONTRACT WHEN COMBINED WITH A LONG-TERM RIDER OR TO A CUSTOMER WITH A LONG-TERM INVESTMENT TIME HORIZON. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) ALSO FAILED TO ADDRESS WHEN ADDITIONAL SCRUTINY MAY BE WARRANTED DURING THE REQUIRED PRINCIPAL REVIEW AND APPROVAL PROCESS BECAUSE OF SUITABILITY CONCERNS ABOUT THE VARIABLE ANNUITY SHARE CLASS SELECTED FOR THE TRANSACTION. ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES MANUAL AND ITS FIELD COMPLIANCE MANUAL REQUIRED REGISTERED REPRESENTATIVES TO HAVE CUSTOMERS REVIEW AND SIGN VARIABLE ANNUITY SHARE CLASS SUPPLEMENT FORMS, WHICH CONTAINED SOME INFORMATION ABOUT VARIOUS FEES AND COSTS ASSOCIATED WITH THE ISSUER'S DIFFERENT VARIABLE ANNUITY OFFERINGS, NEITHER MANUAL ADDRESSED THE SUITABILITY CONCERNS RAISED BY THE SALE OF AN L-SHARE CONTRACT WITH A LONG-TERM RIDER OR TO A CUSTOMER WITH A LONG-TERM INVESTMENT TIME HORIZON. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROVIDE SUFFICIENT TRAINING TO ITS REGISTERED REPRESENTATIVES AND REVIEWING PRINCIPALS TO ENSURE THAT THEY UNDERSTOOD THE MATERIAL FEATURES OF VARIABLE ANNUITIES. SPECIFICALLY, THE VARIABLE ANNUITY TRAINING PROVIDED BY THE FIRM WAS NOT DESIGNED TO ENSURE THAT ITS REGISTERED REPRESENTATIVES AND REVIEWING PRINCIPALS UNDERSTOOD THE SUITABILITY CONSIDERATIONS RAISED BY THE SALE OF AN L-SHARE CONTRACT WITH A LONG-TERM RIDER OR TO A CUSTOMER WITH A LONG-



TERM INVESTMENT TIME HORIZON. FINRA FOUND THAT THE FIRM RECEIVED APPROXIMATELY \$53 MILLION FROM THE SALE OF VARIABLE ANNUITIES, INCLUDING APPROXIMATELY \$6.6 MILLION FROM THE SALE OF L-SHARE CONTRACTS. THE FIRM SOLD 1,904 L-SHARE CONTRACTS. AS A RESULT OF THE FIRM'S FAILURE TO HAVE SUPERVISORY PROCEDURES IDENTIFYING THESE POTENTIAL SUITABILITY CONCERNS, SUPERVISORS AT THE FIRM RESPONSIBLE FOR REVIEWING VARIABLE ANNUITY TRANSACTIONS HAD NO PROCEDURES TO ENSURE THEY WERE CONSIDERING SUITABILITY ISSUES RELATED TO SHARE CLASS SELECTION, INCLUDING WHETHER THE SALE OF L-SHARE CONTRACTS WAS SUITABLE FOR CUSTOMERS WITH NO SHORT-TERM LIQUIDITY NEEDS, A LONG-TERM INVESTMENT HORIZON OR A DESIRE FOR A LONG-TERM RIDER.

Initiated By: FINRA

Date Initiated: 09/07/2018

Docket/Case Number: [2016048243101](#)

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/07/2018

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$175,000. FINES PAID IN FULL ON SEPTEMBER 17, 2018.

Reporting Source: Firm



Current Status:	Final
Allegations:	THE ALLEGATIONS ARE THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES COMPLIED WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND RULES; THAT THE FIRM'S PROCEDURES AND COMPLIANCE MANUALS DID NOT SPECIFICALLY ADDRESS THE SUITABILITY ISSUES PERTAINING TO THE FEES AND COSTS OR SURRENDER PERIODS OF DIFFERENT VARIABLE ANNUITY SHARE CLASSES AS WELL AS THE SUITABILITY CONCERNS RAISED BY THE SALES OF AN L-SHARE CONTRACT WHEN COMBINED WITH A LONG-TERM RIDER OR TO A CUSTOMER WITH A LONG-TERM TIME HORIZON; AND THAT TRAINING PROVIDED TO ITS REGISTERED REPRESENTATIVES AND REVIEWING PRINCIPALS WAS NOT DESIGNED TO ENSURE THAT THESE INDIVIDUALS UNDERSTOOD THE SUITABILITY CONSIDERATIONS RAISED BY THE SALE OF AN L-SHARE CONTRACT WITH A LONG-TERM RIDER OR TO A CUSTOMER WITH A LONG-TERM INVESTMENT HORIZON.
Initiated By:	FINRA
Date Initiated:	09/07/2018
Docket/Case Number:	2016048243101
Principal Product Type:	Annuity(ies) - Variable
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/07/2018
Sanctions Ordered:	Censure Monetary/Fine \$175,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$175,000.
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES



COMPLIED WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND RULES. THE FIRM MADE PAYMENT OF THE \$175,000 FINE ON SEPTEMBER 17, 2018.

Disclosure 5 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE DEPARTMENT ALLEGED THAT THE FIRM VIOLATED TITLE 18 OF THE DELAWARE CODE BY FAILING TO NOTIFY THE COMMISSIONER OF THE FIRM'S ADDRESS CHANGE WITHIN 30 DAYS.
Initiated By:	DELAWARE DEPARTMENT OF INSURANCE
Date Initiated:	05/11/2018
Docket/Case Number:	3468-2017 / 161137
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Stipulation and Consent
Resolution Date:	05/11/2018
Sanctions Ordered:	Monetary/Fine \$500.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	THE FIRM AGREED TO PAY THE \$500 FINE AND TO CEASE AND DESIST FROM FURTHER VIOLATIONS OF THE DELAWARE CODE.
Firm Statement	THE FIRM PAID THE \$500 FINE ON APRIL 25, 2018.

Disclosure 6 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF NRS 90.360(2) AND NAC 90.392 BY MAINTAINING AN UNLICENSED BRANCH OFFICE DURING THE PERIOD OF JULY 18, 2017



THROUGH JANUARY 18, 2018.

Initiated By: NEVADA SECURITIES DIVISION

Date Initiated: 03/05/2018

Docket/Case Number: INV17-161

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/05/2018

Sanctions Ordered: Monetary/Fine \$2,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: A FEE FOR THE DIVISION'S INSPECTION OF RECORDS PERFORMED IN THE AMOUNT OF \$273.06.

Sanction Details: FINE OF \$2000 AND FEE OF \$273.06 WERE PAID ON FEBRUARY 26, 2018. NO PORTION OF THE PENALTY WAS WAIVED.

Firm Statement SECURITIES AMERICA INC. AGREED TO CEASE FROM VIOLATING THE NEVADA UNIFORM SECURITIES ACT AND SHALL COMPLY WITH THE ACT IN THE FUTURE.

Disclosure 7 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: N/A

Initiated By: FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 02/28/2017

Docket/Case Number: 57195-S

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	02/28/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$30,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	N/A
Sanction Details:	N/A
Regulator Statement	ON FEBRUARY 28, 2017, THE OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER AGAINST SECURITIES AMERICA, INC., ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF SECURITIES AMERICA, INC. SECURITIES AMERICA, INC., ACCEPTS AND CONSENTS, WITHOUT ADMITTING OR DENYING THE FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT SECURITIES AMERICA, INC., FAILED TO ENFORCE WRITTEN SUPERVISORY PROCEDURES AND ENSURE A REGISTERED REPRESENTATIVE TOOK A REQUIRED ALTERNATIVE INVESTMENT TRAINING COURSE. SECURITIES AMERICA, INC., AGREED TO PAY A \$30,000 ADMINISTRATIVE FINE.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	FLORIDA ALLEGED THAT DURING THE PERIOD OF JANUARY 1, 2012 THROUGH MARCH 20, 2014, 1) THE FIRM ALLOWED 3 CLIENTS TO PURCHASE REIT INVESTMENTS THAT EXCEEDED THE FIRM'S CONCENTRATION LIMIT GUIDELINES WITHOUT ADEQUATE EXPLANATION AS TO WHY THESE TRANSACTIONS MET THE EXCEPTION TO THE FIRM'S GUIDELINES AND 2) APPROXIMATELY ONE MONTH AFTER IMPLEMENTING REQUIRED REIT TRAINING, THE FIRM DID NOT REQUIRE ONE REGISTERED REPRESENTATIVE TO COMPLETE A REIT TRAINING COURSE PERTAINING TO ONE REIT TRANSACTION.



Initiated By: FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 02/28/2017

Docket/Case Number: 57195-S

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CEASE AND DESIST

Resolution: Stipulation and Consent

Resolution Date: 02/28/2017

Sanctions Ordered: Monetary/Fine \$30,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: A FINE OF \$30,000 WAS PAID BY SECURITIES AMERICA, INC. ON 2/28/2017. SECURITIES AMERICA AGREED TO CEASE AND DESIST FROM VIOLATIONS OF CHAPTER 517 OF THE FLORIDA STATUTES.

Firm Statement ON FEBRUARY 28, 2017, THE FLORIDA OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER AGAINST SECURITIES AMERICA, INC. ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF SECURITIES AMERICA, INC. SECURITIES AMERICA ACCEPTED AND CONSENTED TO FLORIDA'S FINDINGS WITHOUT ADMITTING OR DENYING THE FINDINGS.

Disclosure 8 of 55

Reporting Source: Firm

Current Status: Final

Allegations: THE NORTH CAROLINA DEPARTMENT OF INSURANCE ALLEGED THAT THE FIRM VIOLATED THE STATE'S INSURANCE REGULATIONS BY ITS FAILURE TO TIMELY REPORT TWO ADMINISTRATIVE ACTIONS BETWEEN THE YEARS 2012-2015 AND BY FAILING TO DISCLOSE AN ADMINISTRATIVE PROCEEDING ON ITS RENEWAL APPLICATION FOR YEARS 2014-2016.

Initiated By: NORTH CAROLINA DEPARTMENT OF INSURANCE

Date Initiated: 12/29/2016



Docket/Case Number: ASD FILE #43415

Principal Product Type: Insurance

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/29/2016

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: A CIVIL PENALTY OF \$1000 WAS LEVIED AGAINST SECURITIES AMERICA, INC. THE PAYMENT OF \$1000 WAS PAID ON 12/29/2016.

Firm Statement THE FIRM VOLUNTARILY AGREED TO SETTLE THIS MATTER AND TO PAY A CIVIL PENALTY OF \$1000.

Disclosure 9 of 55

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGATIONS INCLUDE MAKING UNSUITABLE RECOMMENDATIONS TO A CLIENT TO PURCHASE AND CONTINUE TO HOLD NON-TRADITIONAL EXCHANGE TRADED FUNDS AND FAILURE TO SUPERVISE A REGISTERED REPRESENTATIVE IN CONNECTION WITH THE REPRESENTATIVE'S RECOMMENDATION THAT CLIENTS PURCHASE AND CONTINUE TO HOLD NON-TRADITIONAL EXCHANGE TRADED FUNDS

Initiated By: STATE OF NEBRASKA DEPARTMENT OF BANKING & FINANCE

Date Initiated: 08/25/2016

Docket/Case Number:

Principal Product Type: Other

Other Product Type(s): EXCHANGE TRADED FUNDS

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)



Other Sanction(s)/Relief Sought:	REIMBURSEMENT FOR THE COST OF THE INVESTIGATION.
Resolution:	Order
Resolution Date:	08/25/2016
Sanctions Ordered:	Monetary/Fine \$30,000.00
Other Sanctions Ordered:	REIMBURSEMENT FOR COSTS OF THE INVESTIGATION IN THE AMOUNT OF \$10,000.00
Sanction Details:	FULL PAYMENT IN THE AMOUNT OF \$40,000 WAS MADE BY SAI ON AUGUST 30, 2016.

Disclosure 10 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT DISADVANTAGED CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS THAT WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE (ELIGIBLE CUSTOMERS). THE FINDINGS STATED THAT MANY MUTUAL FUNDS WAIVE THE UP-FRONT SALES CHARGES ASSOCIATED WITH CLASS A SHARES FOR CERTAIN RETIREMENT PLANS AND/OR CHARITABLE ORGANIZATIONS. SOME OF THE MUTUAL FUNDS AVAILABLE ON THE FIRM'S RETAIL PLATFORM OFFERED SUCH WAIVERS AND DISCLOSED THOSE WAIVERS IN THEIR PROSPECTUSES. NOTWITHSTANDING THE AVAILABILITY OF THE WAIVERS, THE FIRM FAILED TO APPLY THE WAIVERS TO MUTUAL FUND PURCHASES MADE BY ELIGIBLE CUSTOMERS AND INSTEAD SOLD THEM CLASS A SHARES WITH A FRONT-END SALES CHARGE OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES. THESE SALES DISADVANTAGED ELIGIBLE CUSTOMERS BY CAUSING SUCH CUSTOMERS TO PAY HIGHER FEES THAN THEY WERE ACTUALLY REQUIRED TO PAY. THE FIRM CONDUCTED AN INTERNAL REVIEW AND BASED ON THEIR FINDINGS SELF-REPORTED TO FINRA THAT CERTAIN CUSTOMERS HAD NOT RECEIVED AVAILABLE SALES CHARGE WAIVERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE APPLICATION OF SALES CHARGE WAIVERS TO ELIGIBLE MUTUAL FUND SALES. THE FIRM RELIED ON ITS FINANCIAL ADVISORS TO DETERMINE THE APPLICABILITY OF SALES CHARGE WAIVERS, BUT FAILED TO MAINTAIN ADEQUATE WRITTEN POLICIES OR PROCEDURES TO ASSIST FINANCIAL ADVISORS IN MAKING THIS DETERMINATION. FOR INSTANCE,</p>



THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN PROCEDURES TO IDENTIFY APPLICABLE SALES CHARGE WAIVERS IN FUND PROSPECTUSES FOR ELIGIBLE CUSTOMERS. IN ADDITION, THE FIRM FAILED TO ADEQUATELY NOTIFY AND TRAIN ITS FINANCIAL ADVISORS REGARDING THE AVAILABILITY OF MUTUAL FUND SALES CHARGE WAIVERS FOR ELIGIBLE CUSTOMERS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ADOPT ADEQUATE CONTROLS TO DETECT INSTANCES IN WHICH THEY DID NOT PROVIDE SALES CHARGE WAIVERS TO ELIGIBLE CUSTOMERS IN CONNECTION WITH THEIR MUTUAL FUND PURCHASES.

Initiated By: FINRA

Date Initiated: 07/29/2016

Docket/Case Number: [2015047269801](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/29/2016

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Disgorgement/Restitution

Other Sanctions Ordered: INTEREST

Sanction Details: THE FIRM WAS CENSURED AND ORDERED TO PROVIDE REMEDIATION TO ELIGIBLE CUSTOMERS WHO QUALIFIED FOR, BUT DID NOT RECEIVE, APPLICABLE MUTUAL FUND SALES CHARGE WAIVERS IN THE AMOUNT OF \$1,541,419 (THE AMOUNT ELIGIBLE CUSTOMERS WERE OVERCHARGED, INCLUSIVE OF INTEREST).

IN RESOLVING THIS MATTER, FINRA HAS RECOGNIZED THE EXTRAORDINARY COOPERATION OF THE FIRM FOR HAVING: (1) INITIATED,



PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, AN INVESTIGATION TO IDENTIFY WHETHER ELIGIBLE CUSTOMERS RECEIVED SALES CHARGE WAIVERS DURING THE RELEVANT PERIOD; (2) PROMPTLY ESTABLISHED A PLAN OF REMEDIATION FOR ELIGIBLE CUSTOMERS WHO DID NOT RECEIVE APPROPRIATE SALES CHARGE WAIVERS; (3) PROMPTLY SELF-REPORTED TO FINRA; (4) PROMPTLY TAKEN ACTION AND REMEDIAL STEPS TO CORRECT THE VIOLATIVE CONDUCT; AND (5) EMPLOYED SUBSEQUENT CORRECTIVE MEASURES, PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, TO REVISE ITS PROCEDURES TO AVOID RECURRENCE OF THE MISCONDUCT.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGATIONS INCLUDED FAILURE TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF MUTUAL FUNDS AND FAILURE TO ESTABLISH AND MAINTAIN SUPERVISORY SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ENSURE THAT ELIGIBLE CUSTOMERS WHO PURCHASED MUTUAL FUNDS SHARES RECEIVED THE BENEFIT OF APPLICABLE SALES CHARGE WAIVERS.

Initiated By: FINRA

Date Initiated: 07/29/2016

Docket/Case Number: 20150472698

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: RESTITUTION

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/29/2016

Sanctions Ordered: Censure
Disgorgement/Restitution

Other Sanctions Ordered: INTEREST

Sanction Details: THE FIRM WAS CENSURED. PURSUANT TO THE AWC, SAI HAS AGREED TO PAY TOTAL RESTITUTION TO CUSTOMERS OF APPROXIMATELY \$1,541,419 AND TO PROVIDE FINRA WITH SATISFACTORY PROOF OF SUCH



RESTITUTION PAYMENTS.

Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE AWC. THE FIRM WILL PAY RESTITUTION TO ALL AFFECTED CUSTOMERS AND HAS UPDATED ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES FOR THE PURPOSE OF ENSURING THAT CUSTOMERS RECEIVE APPLICABLE SALES CHARGE DISCOUNTS ON ELIGIBLE MUTUAL FUND PURCHASES.

Disclosure 11 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE INDIANA DEPARTMENT OF INSURANCE ALLEGED THAT THE FIRM VIOLATED THE STATE'S INSURANCE REGULATIONS BY ITS FAILURE TO TIMELY REPORT SEVERAL ADMINISTRATIVE ACTIONS BETWEEN THE YEARS OF 2005 AND 2015.
Initiated By:	INDIANA DEPARTMENT OF INSURANCE
Date Initiated:	05/05/2016
Docket/Case Number:	14388-AG16-0419-098
Principal Product Type:	Insurance
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	05/13/2016
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS FINED \$2000.00 AND THE PAYMENT IS SCHEDULED TO BE PAID ON 05/20/2016.
Firm Statement	THE FIRM VOLUNTARILY CONSENTED TO AN ORDER TO PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$2000.00.

Disclosure 12 of 55



Reporting Source:	Firm
Current Status:	Final
Allegations:	THE STATE OF NEVADA OFFICE OF THE SECRETARY OF STATE SECURITIES DIVISION ALLEGED THAT THE FIRM MAINTAINED THREE BRANCH OFFICE LOCATIONS IN THE STATE OF NEVADA WITHOUT OBTAINING A LICENSE FROM THE SECURITIES DIVISION.
Initiated By:	STATE OF NEVADA OFFICE OF THE SECRETARY OF STATE SECURITIES DIVISION
Date Initiated:	03/22/2016
Docket/Case Number:	CI14-104-MCF
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	THE FIRM REMITTED A PAYMENT OF \$1,000 TO THE NEVADA SECRETARY OF STATE FOR THE FEE ASSOCIATED WITH THE DIVISION'S INSPECTION OF RECORDS.
Resolution:	Consent
Resolution Date:	04/29/2016
Sanctions Ordered:	Monetary/Fine \$2,500.00
Other Sanctions Ordered:	THE FIRM REMITTED A PAYMENT OF \$1,000 TO THE NEVADA SECRETARY OF STATE FOR THE FEE ASSOCIATED WITH THE DIVISION'S INSPECTION OF RECORDS.
Sanction Details:	ON APRIL 25, 2016 THE FIRM PAID NEVADA SECRETARY OF STATE A CIVIL PENALTY IN THE AMOUNT OF \$2500.00. ALSO ON APRIL 25, 2016 THE FIRM REMITTED A PAYMENT OF \$1,000 TO THE NEVADA SECRETARY OF STATE FOR THE FEE ASSOCIATED WITH THE DIVISION'S INSPECTION OF RECORDS.
Firm Statement	THE NEVADA SECRETARY OF STATE DETERMINED THAT THE FIRM MAINTAINED THREE BRANCH OFFICE LOCATIONS IN THE STATE OF NEVADA WITHOUT OBTAINING A LICENSE FROM THE SECURITIES DIVISION. THE FIRM VOLUNTARILY CONSENTED TO AN ORDER TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$2500.00 AND A FEE OF \$1,000 FOR THE DIVISION'S INSPECTION OF RECORDS.



Reporting Source:	Firm
Current Status:	Final
Allegations:	THE LOUISIANA DEPARTMENT OF INSURANCE ALLEGED THAT THE FINRA ADMINISTRATIVE ACTION DATED OCTOBER 19, 2015, WAS NOT REPORTED TO THE LOUISIANA DEPARTMENT OF INSURANCE WITHIN THIRTY DAYS.
Initiated By:	LOUISIANA DEPARTMENT OF INSURANCE
Date Initiated:	04/18/2016
Docket/Case Number:	LA DOI
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	04/27/2016
Sanctions Ordered:	Monetary/Fine \$250.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM AND PAUL R. LOFTIES, AS THE LICENSED INDIVIDUAL WHO IS RESPONSIBLE FOR THE AGENCY'S COMPLIANCE, WERE JOINTLY FINED IN THE AMOUNT OF \$250 AND PAYMENT WAS SENT ON 4/20/16.
Firm Statement	ON APRIL 20, 2016, THE FIRM REMITTED PAYMENT OF \$250 TO THE LOUISIANA DEPARTMENT OF INSURANCE.

Disclosure 14 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT PERMITTED ONE OF ITS REPRESENTATIVES TO SELL PREFERRED NOTES OF AN UNREGISTERED LIMITED PARTNERSHIP INVESTMENT (THE FUND), A SECURITY, WITHOUT THE FIRM FIRST CONDUCTING ADEQUATE DUE DILIGENCE REGARDING THIS PRODUCT. THE FINDINGS STATED THAT SHORTLY AFTER THE REPRESENTATIVE'S ASSOCIATION WITH THE FIRM,



HE BEGAN SEEKING ITS APPROVAL OF THE PREFERRED NOTES TO HIS FUND'S INVESTORS. HE TOLD THE FIRM THAT IT WAS URGENT THAT THERE BE A "QUICK APPROVAL PROCESS" SO THAT HE COULD BEGIN SELLING THE PREFERRED NOTES BECAUSE THERE WAS ONLY A SHORT PERIOD IN WHICH THEY COULD BE SOLD. THE OFFERING DOCUMENTS FOR THE PREFERRED NOTES DID NOT, HOWEVER, SPECIFY A DEADLINE BY WHICH CONVERSION REQUESTS HAD TO BE COMPLETED, ALTHOUGH THEY DID SET A CAP ON THE AMOUNT OF MONEY THAT COULD BE CONVERTED TO PREFERRED NOTES. THE FIRM ADVISED THE REPRESENTATIVE THAT IT WAS AWAITING AN INDEPENDENT THIRD-PARTY DUE DILIGENCE REPORT BEFORE APPROVING THE PREFERRED NOTES FOR SALE BY THE FIRM. HE THEN REQUESTED THAT HE NONETHELESS BE PERMITTED TO SELL THE PREFERRED NOTES TO HIS EXISTING CUSTOMERS, NOTWITHSTANDING THAT THE FIRM HAD NOT RECEIVED THE THIRD-PARTY REPORT. THE FOLLOWING DAY, THE FIRM AGREED TO ALLOW THE REPRESENTATIVE TO OFFER THE PREFERRED NOTES FOR SALE TO EXISTING INVESTORS IN THE FUND EVEN THOUGH IT HAD NOT YET RECEIVED THE DUE DILIGENCE REPORT. THE APPROVAL WAS LIMITED TO EXISTING CUSTOMERS WHO ALREADY HELD THE INVESTMENT TO BE CONVERTED. THE FIRM DID NOT CONDUCT ANY MEANINGFUL DUE DILIGENCE ON THE PREFERRED NOTES PRIOR TO EXTENDING THIS APPROVAL TO THE REPRESENTATIVE IN VIOLATION OF ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). THUS, THE FIRM'S APPROVAL OF THE PREFERRED NOTES DID NOT ENFORCE WITH THE FIRM'S OWN WSPS REGARDING DUE DILIGENCE. AS A RESULT, THE FIRM WAS NOT AWARE OF, AND DID NOT INVESTIGATE, NUMEROUS RED FLAGS ABOUT THE ONGOING FINANCIAL VIABILITY OF THE FUND. WITHIN FOUR MONTHS, THE REPRESENTATIVE'S BRANCH OFFICE OF THE FIRM CONVERTED JUST OVER \$8 MILLION OF EXISTING INTERESTS TO THE PREFERRED NOTES, WHICH REQUIRED ADDITIONAL CAPITAL CONTRIBUTIONS FROM THE REPRESENTATIVE'S AND THE FIRM'S CUSTOMERS OF JUST OVER \$2.5 MILLION. THEREAFTER, THE FUND BEGAN MAKING LATE PAYMENTS TO PREFERRED NOTE HOLDERS, AND STOPPED MAKING PAYMENTS ALTOGETHER EVENTUALLY. THE FINDINGS ALSO STATED THAT THE FIRM'S WSPS IN EFFECT PROVIDED THAT REPRESENTATIVES COULD NOT OFFER INVESTMENT PRODUCTS FOR SALE UNLESS THAT PRODUCT HAD FIRST BEEN APPROVED FOR DISTRIBUTION BY THE FIRM'S DUE DILIGENCE COMMITTEE. MOREOVER, THE FIRM'S PROCEDURES MADE ANY SUCH APPROVAL CONTINGENT ON A "THOROUGH REVIEW" OF THE PRODUCT, WHICH REQUIRED AN "EVALUATION, THROUGH QUANTITATIVE ANALYSIS, OF THE PRODUCT WITH RESPECT TO THE ECONOMICS, MANAGEMENT ORGANIZATION, BUSINESS STRATEGY, FINANCIAL STRENGTHS, PRIOR PERFORMANCE, AND OTHER RELEVANT MATTERS RELATED TO THE PERFORMANCE OF THE INVESTMENT PRODUCT."

Initiated By: FINRA



Date Initiated: 02/23/2016

Docket/Case Number: [2013036692002](#)

Principal Product Type: Other

Other Product Type(s): UNREGISTERED LIMITED PARTNERSHIP INVESTMENT PREFERRED NOTES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/23/2016

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$250,000.
FINE PAID IN FULL ON MARCH 8, 2016.

Reporting Source: Firm

Current Status: Final

Allegations: THE AWC ALLEGES THAT FROM MARCH 2009 THROUGH JULY 2009, THE FIRM PERMITTED ONE OF ITS REPRESENTATIVES TO SELL PREFERRED NOTES (A SECURITIES PRODUCT) WITHOUT HAVING CONDUCTED ADEQUATE DUE DILIGENCE REGARDING THE PREFERRED NOTES AND THAT THE FIRM'S APPROVAL OF THE PREFERRED NOTES DID NOT FOLLOW THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REGARDING DUE DILIGENCE.

Initiated By: FINRA

Date Initiated: 02/23/2016

Docket/Case Number: [2013036692002](#)



Principal Product Type:	Other
Other Product Type(s):	PREFERRED NOTES
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/23/2016
Sanctions Ordered:	Censure Monetary/Fine \$250,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$250,000. THE FIRM REMITTED FULL PAYMENT OF THE FINE ON MARCH 4, 2016.
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM VOLUNTARILY CONSENTED TO FINRA'S ENTRY OF FINDINGS STATED IN THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT.

Disclosure 15 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	FAILURE TO MAINTAIN AND ENFORCE WRITTEN PROCEDURES; SUITABILITY; FAILURE TO DILIGENTLY SUPERVISE ITS ASSOCIATED PERSONS.
Initiated By:	OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES, DIVISION OF FINANCE AND CORPORATE SECURITIES.
Date Initiated:	02/04/2015
Docket/Case Number:	S-14-0003
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	CIVIL PENALTY



Resolution:	Consent
Resolution Date:	02/04/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$70,000.00
Other Sanctions Ordered:	
Sanction Details:	MONETARY SANCTIONS PAID IN FULL ON 2-2-2015, INCLUDING CIVIL PENALTY OF \$70,000, INVESTIGATION COSTS OF \$25,000, AND \$5,000 FOR DCBS CONSUMER FINANCIAL EDUCATION ACCOUNT.
Regulator Statement	SECURITIES AMERICA SOLD MEDICAL CAPITAL HOLDINGS, INC. NOTES TO APPROXIMATELY 55 OREGON INVESTORS WHO PURCHASED APPROXIMATELY \$4.8 MILLION OF MEDICAL CAPITAL NOTES. SECURITIES AMERICA SOLD THE NOTES WITHOUT HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SALE WAS SUITABLE FOR ITS CUSTOMERS, AND SECURITIES AMERICA FAILED TO DILIGENTLY SUPERVISE ITS ASSOCIATED PERSONS.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGATIONS INCLUDE, FAILURE TO MAINTAIN AND ENFORCE WRITTEN PROCEDURES, SUITABILITY, FAILURE TO DILIGENTLY SUPERVISE ITS ASSOCIATED PERSONS.
Initiated By:	OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES, DIVISION OF FINANCE AND CORPORATE SECURITIES.
Date Initiated:	02/04/2015
Docket/Case Number:	S-14-0003
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	CIVIL PENALTY



Resolution:	Consent
Resolution Date:	02/04/2015
Sanctions Ordered:	Monetary/Fine \$70,000.00
Other Sanctions Ordered:	
Sanction Details:	MONETARY SANCTIONS PAID IN FULL ON 2-2-2015, INCLUDING CIVIL PENALTY OF \$70,000, INVESTIGATION COSTS OF \$25,000, AND \$5,000 FOR DCBS CONSUMER FINANCIAL EDUCATION ACCOUNT.
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE MONETARY SANCTIONS AND PAID IN FULL.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs).</p> <p>ON MARCH 31, 2004, FINRA ISSUED NOTICE TO MEMBERS 04-26, UNIT INVESTMENT TRUST SALES, WHICH REMINDED BROKER-DEALERS THAT THEY SHOULD DEVELOP AND IMPLEMENT PROCEDURES TO ENSURE CUSTOMERS RECEIVE AVAILABLE SALES CHARGE DISCOUNTS FOR UITs. THE NOTICE FURTHER STATED THAT UIT TRANSACTIONS MUST TAKE PLACE "ON THE MOST ADVANTAGEOUS TERMS AVAILABLE TO THE CUSTOMER" AND THAT IT IS THE FIRM'S RESPONSIBILITY TO "TAKE APPROPRIATE STEPS TO ENSURE THAT THEY AND THEIR EMPLOYEES UNDERSTAND, INFORM CUSTOMERS ABOUT, AND APPLY CORRECTLY ANY APPLICABLE PRICE BREAKS AVAILABLE TO CUSTOMERS IN CONNECTION WITH UITs."</p> <p>THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO 2,406 ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$477,686.88. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS AND PROVIDED PROOF OF PAYMENT TO FINRA.</p> <p>THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT</p>



PURCHASES. THE FIRM HAD NO WRITTEN SUPERVISORY PROCEDURES SPECIFICALLY GOVERNING THE CORRECT CALCULATION OF UIT DISCOUNTS. ALSO, THE FIRM RELIED ON ITS REGISTERED REPRESENTATIVES TO ENSURE THAT CUSTOMERS RECEIVED APPROPRIATE UIT SALES CHARGE DISCOUNTS, DESPITE THE ABSENCE OF ANY WRITTEN SUPERVISORY PROCEDURES OR TRAINING TO EFFECTIVELY INFORM AND TRAIN REPRESENTATIVES AND THEIR SUPERVISORS TO IDENTIFY AND APPLY SUCH SALES CHARGE DISCOUNTS.

Initiated By: FINRA

Date Initiated: 10/19/2015

Docket/Case Number: [2014041679301](#)

Principal Product Type: Unit Investment Trust(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/19/2015

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$275,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$275,000, AND ORDERED TO PAY \$477,686.88 IN RESTITUTION TO CUSTOMERS.

FINE PAID IN FULL ON NOVEMBER 5, 2015.

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGATIONS INCLUDED FAILURE TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs) AND FAILURE TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES.
Initiated By:	FINRA
Date Initiated:	07/03/2015
Docket/Case Number:	2014041679301
Principal Product Type:	Unit Investment Trust(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	CENSURE, CIVIL AND ADMINISTRATIVE PENALTY / FINE, RESTITUTION
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/19/2015
Sanctions Ordered:	Censure Monetary/Fine \$275,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$275,000.
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE AWC. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS AND HAS UPDATED ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES FOR THE PURPOSE OF ENSURING THAT CUSTOMERS RECEIVE APPLICABLE SALES CHARGE DISCOUNTS ON ELIGIBLE UIT PURCHASES.

Disclosure 17 of 55

Reporting Source:	Regulator
Current Status:	Pending
Allegations:	RESPONDENT ENGAGED IN A DISHONEST AND MISLEADING RADIO ADVERTISING CAMPAIGN IN VIOLATION OF THE MASSACHUSETTS



UNIFORM SECURITIES ACT.

Initiated By: MASSACHUSETTS**Date Initiated:** 07/08/2015**Docket/Case Number:****URL for Regulatory Action:****Principal Product Type:** Other**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Cease and Desist**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE FINE, CENSURE, OTHER RELIEF IN THE PUBLIC INTEREST**Reporting Source:** Firm**Current Status:** Final**Allegations:** THE STATE OF MASSACHUSETTS HAS ALLEGED THROUGH AN ADMINISTRATIVE COMPLAINT THAT THE RESPONDENT ENGAGED IN A DISHONEST AND MISLEADING RADIO ADVERTISING CAMPAIGN IN VIOLATION OF MASS. GEN. LAWS CH. 110A, THE MASSACHUSETTS UNIFORM SECURITIES ACT, AND 950 MASS. CODE REGS. 10000-14.413.**Initiated By:** THE COMMONWEALTH OF MASSACHUSETTS SECURITIES DIVISION**Date Initiated:** 07/08/2015**Docket/Case Number:** 2014-0106**Principal Product Type:** Other**Other Product Type(s):** OTHER**Principal Sanction(s)/Relief Sought:** Cease and Desist**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY/FINE
CENSURE
RELIEF IN THE PUBLIC INTEREST**Resolution:** Consent**Resolution Date:** 12/27/2017**Sanctions Ordered:** Monetary/Fine \$125,000.00
Cease and Desist/Injunction



Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	<p>WITHIN 120 DAYS TO ASSEMBLE AN INTERNAL COMPLIANCE TEAM TO COMPLETE A COMPREHENSIVE INTERNAL INVESTIGATION OF THE FIRM'S PRACTICES FOR ENSURING COMPLIANCE WITH THEIR POLICIES AND PROCEDURES FOR REVIEWING ADVERTISING COMMUNICATIONS CREATED BY ITS BROKER DEALER AGENTS AND INVESTMENT ADVISOR REPRESENTATIVES; FOR THE INTERNAL COMPLIANCE TEAM TO SUBMIT A REPORT TO THE FIRM AND THE DIVISION WITH ITS RECOMMENDATIONS FOR IMPROVEMENTS AND PROCEDURES TO IMPLEMENT SUCH RECOMMENDATIONS; WITHIN 180 DAYS FOR THE FIRM TO ADOPT ALL RECOMMENDATIONS CONTAINED IN THE REPORT OR ADOPT ALTERNATIVE MEASURES DESIGNED TO ACHIEVE THE SAME OBJECTIVE; AND WITHIN 30 DAYS OF RECEIPT OF THE REPORT TO HAVE SUCH MEASURES APPROVED BY THE DIVISION. THE FIRM SHALL NOT TERMINATE THE INTERNAL COMPLIANCE TEAM WITHOUT THE PRIOR WRITTEN APPROVAL OF THE DIVISION AND SHALL NOT SEEK TO INVOKE PRIVILEGE TO PREVENT THE INTERNAL COMPLIANCE TEAM FROM TRANSMITTING ANY INFORMATION TO THE DIVISION.</p>
Firm Statement	<p>THE SETTLEMENT WITH THE COMMONWEALTH OF MASSACHUSETTS SECURITIES DIVISION DID NOT CONTAIN ANY FINDING OF RULE VIOLATIONS; HOWEVER, SECURITIES AMERICA, WITHOUT ADMITTING OR DENYING THE STATEMENT OF FACTS OR THE VIOLATIONS OF LAW ALLEGED, CONSENTED TO THE ENTRY OF THIS ORDER SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS TO SETTLE THE COMPLAINT WITH PREJUDICE. THEREFORE THE FIRM AGREES TO BE CENSURED, AGREES TO PERMANENTLY CEASE AND DESIST FROM CONDUCT IN VIOLATION OF THE ACT, AGREES TO PAY A FINE OF \$125,000 AND AGREES TO COMPLY WITH AN UNDERTAKING.</p>

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT MADE AVAILABLE TO ITS REGISTERED REPRESENTATIVES A REPORTING SYSTEM WHICH ENABLES A REPRESENTATIVE TO CREATE A CONSOLIDATED REPORT. THE FINDINGS STATED THAT THE REPORTING SYSTEM CONSOLIDATED REPORTS USED BY THE FIRM REPRESENTATIVES ARE CUSTOMIZABLE AND INCLUDE A FEATURE ALLOWING A REGISTERED REPRESENTATIVE TO MANUALLY INPUT VALUATIONS FOR ASSETS HELD OUTSIDE THE FIRM. IN REPORTS WHERE THE MANUAL FEATURE IS USED, THE REPORT CONTAINS A SECTION</p>



CLEARLY DESIGNATED AS MANUAL ACCOUNTS. IN ADDITION, THE REPORTS THAT EMPLOY THE MANUAL FEATURE CONTAIN A SPECIFIC DISCLOSURE, STATING THAT THE REPORT INCLUDES MANUALLY ENTERED VALUES. DESPITE THESE APPARENT INDICATIONS THAT REPORTING SYSTEM ALLOWED MANUAL ENTRY OF ASSET VALUES, THE FIRM REMAINED UNAWARE OF THIS ASPECT OF THE REPORTING SYSTEM FOR OVER FOUR YEARS. THE FINDINGS ALSO STATED THAT FOR A LITTLE OVER SIX YEARS, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM REGARDING THE USE OF CONSOLIDATED REPORTS BY ITS REGISTERED REPRESENTATIVES. THE WRITTEN PROCEDURES REQUIRED REGISTERED REPRESENTATIVES TO SUBMIT TEMPLATES OF THE PROPOSED FORM OF THE REPORTING SYSTEM REPORT FOR APPROVAL PRIOR TO USE. THE FINDINGS ALSO INCLUDED THAT EACH REPRESENTATIVE WAS ALSO REQUIRED TO PROVIDE COPIES OF THE REPORTING SYSTEM REPORTS TO HIS OR HER BRANCH MANAGER ON A MONTHLY BASIS AS PART OF THEIR MONTHLY CORRESPONDENCE SUBMISSION. THESE CONSOLIDATED REPORTS WERE TO BE REVIEWED BY THE BRANCH MANAGER AND MAINTAINED IN THE BRANCH OFFICE FILES. HOWEVER, THE FIRM RELIED ON THE REGISTERED REPRESENTATIVES TO DISCLOSE THAT THEY WERE USING THE REPORTING SYSTEM, RELIED ON THE REGISTERED REPRESENTATIVES TO PROVIDE A COMPLETE AND ACCURATE LIST EACH QUARTER OF CLIENTS WHO RECEIVED THE SYSTEM'S REPORTS, AND RELIED UPON THE REGISTERED REPRESENTATIVES TO PROVIDE COPIES OF THE CONSOLIDATED REPORTS TO THEIR BRANCH MANAGERS. THE FIRM HAD NO WAY TO VERIFY THAT IT WAS CAPTURING THE EXTENT OF THE CONSOLIDATED REPORT ACTIVITY, OTHER THAN THROUGH ROUTINE AUDITS. THE FIRM WAS ABLE TO IDENTIFY OVER 1,150 REGISTERED REPRESENTATIVES WHO WERE USING THE FIRM-PROVIDED REPORTING SYSTEM, BUT COULD NOT VERIFY WHICH REPRESENTATIVES ACTUALLY SENT STATEMENTS TO CUSTOMERS DUE TO THE FIRM'S INABILITY TO ADEQUATELY MONITOR THE SYSTEM. FURTHERMORE, DESPITE THE SAMPLING PROCEDURE AND MAINTENANCE OF SOME REPORTS IN THE CORRESPONDENCE FILES, THE FIRM'S REVIEW FAILED TO DETECT THE USE OF MANUAL ENTRY OR INACCURATE VALUATIONS. MOREOVER, AFTER THE FIRM BECAME AWARE OF THE MANUAL ENTRIES AND INSTITUTED SOME PROCEDURES, THE PROCEDURES WERE DEFICIENT. ACCORDINGLY, NUMEROUS INACCURATE ENTRIES ESCAPED THE FIRM'S DETECTION. FINRA FOUND THAT FOR A LITTLE OVER SIX YEARS, AT LEAST 500 REGISTERED REPRESENTATIVES GENERATED ONE OR MORE REPORTS OF THE REPORTING SYSTEM USING THE MANUAL ENTRY FEATURE. IN FACT, BETWEEN FOUR YEARS DURING THE PERIOD, THESE REGISTERED REPRESENTATIVES GENERATED ALMOST 2.5 MILLION REPORTS OF THE REPORTING SYSTEM. THE FIRM WAS UNABLE TO DOCUMENT THE NUMBER OF THE 2.5 MILLION GENERATED REPORTS



THAT ULTIMATELY WENT TO CLIENTS. A REVIEW OF THE REPORTING SYSTEM REPORTS ISSUED DURING THE FOURTH QUARTER OF A PARTICULAR YEAR REVEALED NUMEROUS INSTANCES WHERE THE REPRESENTATIVE HAD INPUT INACCURATE VALUES FOR SOME INVESTMENTS. ALTHOUGH THESE INVESTMENTS SHARES WERE IN RECEIVERSHIP AS OF A CERTAIN PERIOD, THE STATEMENTS CONTINUED TO SHOW THE VALUE OF THE INVESTMENT AT PAR VALUE. A REVIEW OF 800 MANUALLY ENTERED POSITIONS DISCLOSED THAT 500 OF THE POSITIONS HAD BEEN OVERVALUED ON THE REPORTING SYSTEM REPORTS. FINRA ALSO FOUND THAT FOR OVER THREE YEARS, THE FIRM FAILED TO MAINTAIN ALL CONSOLIDATED REPORTS OF THE REPORTING SYSTEM SENT TO ITS CUSTOMERS. CONSEQUENTLY, THE FIRM HAS NO RECORD OF NUMEROUS REPORTS OF THE REPORTING SYSTEM DISTRIBUTED TO CUSTOMERS.

Initiated By: FINRA

Date Initiated: 03/12/2014

Docket/Case Number: [2010025742201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/12/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$625,000.00

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Reporting Source: Firm



Current Status:	Final
Allegations:	FROM JANUARY 1, 2007 THROUGH MARCH 1, 2013, SECURITIES AMERICA, INC. (SAI) MADE A CONSOLIDATED REPORTING SYSTEM AVAILABLE TO ITS REGISTERED REPRESENTATIVES WHICH ALLOWED THE REPRESENTATIVES TO ENTER CUSTOMIZED VALUES FOR ASSETS AND ACCOUNTS HELD AWAY FROM THE FIRM. FINRA ALLEGED THAT SAI DID NOT HAVE A SATISFACTORY SYSTEM TO SUPERVISE THE ACCURACY OF CERTAIN VALUATIONS PROVIDED TO CUSTOMERS, IN VIOLATION OF NASD RULES 3010(A) AND (B) AND 2110. FINRA ALSO ALLEGED THAT SAI SENT INACCURATE CONSOLIDATED REPORTS TO SOME CUSTOMERS, IN VIOLATION OF NASD RULES 2210(D)(1) AND 2110 AND FINRA RULE 2010. FINRA ALLEGED THAT THE FIRM FAILED TO RETAIN COPIES OF SOME OF THE CONSOLIDATED REPORTS, IN VIOLATION OF SECTION 17 OF THE SECURITIES EXCHANGE ACT OF 1934 AND SEC RULE 17A-4 THEREUNDER; NASD RULES 3110, 3010(D)(3), AND 2110, AND FINRA RULES 4511 AND 2010.
Initiated By:	FINRA
Date Initiated:	03/12/2014
Docket/Case Number:	2010025742201
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/12/2014
Sanctions Ordered:	Censure Monetary/Fine \$625,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND THE ENTRY OF THE FINDINGS.

Disclosure 19 of 55

Reporting Source:	Regulator
Current Status:	Final



Allegations: SECURITIES AMERICA, THROUGH ITS REGISTERED REPRESENTATIVES, SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS HEIGHTENED CONCENTRATION LIMITS IMPOSED BY THE PROSPECTUS.

Initiated By: MASSACHUSETTS SECURITIES DIVISION

Date Initiated: 05/22/2013

Docket/Case Number: E-2013-0048

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/22/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: SECURITIES AMERICA SHALL CERTIFY IN WRITING TO THE DIVISION A REPORT ADDRESSING A COMPREHENSIVE REVIEW OF SECURITIES AMERICA'S POLICIES AND PROCEDURES FOR THE SALE AND APPROVAL OF ALL ALTERNATIVE INVESTMENT PRODUCTS.

Sanction Details: SECURITIES AMERICA MUST OFFER RESTITUTION TO CUSTOMERS THAT WERE SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS HEIGHTENED CONCENTRATION LIMITS IMPOSED BY THE PROSPECTUS.

Reporting Source: Firm

Current Status: Final

Allegations: THE COMMONWEALTH OF MASSACHUSETTS SECURITIES DIVISION



ALLEGED THAT SECURITIES AMERICA, INC. ("SAI") WAS IN VIOLATION OF PROSPECTUS REQUIREMENTS SURROUNDING NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS"). THE DIVISION'S FINDINGS RELATE TO THIRTEEN (13) REIT INVESTMENTS FOR THE TIME PERIOD OF JANUARY 1, 2005 THROUGH DECEMBER 31, 2012 THAT WERE IN EXCESS OF MASSACHUSETTS HEIGHTENED CONCENTRATION LIMITS.

Initiated By: THE COMMONWEALTH OF MASSACHUSETTS SECURITIES DIVISION

Date Initiated: 05/22/2013

Docket/Case Number: E-2013-0048

Principal Product Type: Options

Other Product Type(s): REITS

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: RESTITUTION
CEASE & DESIST
CENSURE

Resolution: Order

Resolution Date: 05/22/2013

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI AGREED TO THE FOLLOWING SANCTIONS: CEASE AND DESIST FROM CONDUCT IN VIOLATION OF THE MASSACHUSETTS SECURITIES ACT, CENSURE, OFFER OF RESTITUTION TO CUSTOMERS, AND ADMINISTRATIVE FINE.

Disclosure 20 of 55

Reporting Source: Firm

Current Status: Final

Allegations: ON APRIL 19, 2013, THE STATE OF NORTH DAKOTA SECURITIES COMMISSIONER ISSUED A CHARGING ORDER TO SECURITIES AMERICA, INC. (SAI) RELATING TO THE ACTIONS OF FORMER REPRESENTATIVE LARRY ATKINS. ATKINS WAS AFFILIATED WITH SAI FROM OCTOBER 28, 1994 TO MAY 30, 1997. THE STATE OF NORTH DAKOTA SECURITIES



COMMISSIONER ALLEGES THAT DURING HIS AFFILIATION WITH SAI, ATKINS ENTERED INTO AT LEAST 13 TRANSACTIONS INVOLVING THE SALE OF FRAUDULENT, UNREGISTERED PROMISSORY NOTES IN VIOLATION OF N.D.C.C. 10-04-04, 10-04-10(2) AND 10-04-15. THE STATE OF NORTH DAKOTA SECURITIES COMMISSIONER IS REQUESTING THAT SAI RESCIND THE TRANSACTIONS FOR THE FULL AMOUNT PAID FOR THE SECURITIES, PLUS STATUTORY INTEREST, LESS THE AMOUNT OF ANY INCOME RECEIVED BY THE INVESTORS, PURSUANT TO PROVISIONS OF N.D.C.C. 10-04-16(1) AND 10-04-17. ALTERNATIVELY, THE COMMISSIONER SEEKS TO IMPOSE PENALTIES.

Initiated By: NORTH DAKOTA SECURITIES COMMISSIONER

Date Initiated: 04/19/2013

Docket/Case Number: N/A

Principal Product Type: Other

Other Product Type(s): PROMISSORY NOTES

Principal Sanction(s)/Relief Sought: Restitution

Other Sanction(s)/Relief Sought: PENALTIES

Resolution: Other

Resolution Date: 05/03/2018

Firm Statement ON MAY 6, 2013, SECURITIES AMERICA, INC. (SAI) FILED A REQUEST FOR HEARING, AFFIRMATIVE DEFENSES, AND ANSWER. SAI IS REQUESTING DISMISSAL OF THIS MATTER WITH PREJUDICE. ON MAY 3, 2018, SECURITIES AMERICA, INC. CLOSED THIS MATTER AS THERE HAS BEEN NO FURTHER COMMUNICATION FROM NORTH DAKOTA RELATING TO THIS MATTER.

Disclosure 21 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010(A), 3010(D)(2): SECURITIES AMERICA, INC. FAILED TO HAVE A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, IN PLACE REGARDING ELECTRONIC COMMUNICATIONS WITH CUSTOMERS THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS, REGULATIONS AND FINRA AND NASD RULES. THE MEMBER FIRM'S EMAIL



MONITORING SYSTEM DID NOT IDENTIFY NUMEROUS EMAILS SENT TO CUSTOMERS BY REGISTERED REPRESENTATIVES WORKING IN A BRANCH OFFICE, WHICH CONTAINED MISREPRESENTATIONS OR MISLEADING STATEMENTS RELATING TO PRIVATE PLACEMENTS. BECAUSE THE FIRM'S EMAIL MONITORING SYSTEM DID NOT IDENTIFY THESE EMAILS, THE EMAILS WERE NOT REVIEWED BY ANYONE AT THE FIRM INCLUDING SUPERVISORY PERSONNEL, TO DETERMINE WHETHER THE EMAILS CONTAINED STATEMENTS THAT WERE INCONSISTENT WITH APPLICABLE REQUIREMENTS.

Initiated By: FINRA

Date Initiated: 04/26/2013

Docket/Case Number: [2010022518105](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/26/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED, FINED \$100,000, AND UNDERTOOK TO CONDUCT A COMPREHENSIVE REVIEW OF ITS SYSTEMS FOR THE REVIEW OF EMAIL TO DETERMINE: (A) THAT THOSE SYSTEMS ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD AND FINRA RULES AND WITH APPLICABLE FEDERAL SECURITIES LAWS AND RULES; AND (B) THAT THOSE SYSTEMS HAVE BEEN ADEQUATELY REVISED TO ADDRESS AND CORRECT THE DEFICIENCIES. THE FIRM WILL TEST ITS SYSTEMS, AFTER



THE REVIEW AND ANY REVISIONS UNDERTAKEN, TO VERIFY THAT THOSE SYSTEMS IDENTIFY ALL EMAILS SENT BY ITS REGISTERED REPRESENTATIVES. WITHIN 120 CALENDAR DAYS, AN OFFICER OF THE FIRM SHALL CERTIFY TO FINRA IN WRITING THAT THE FIRM HAS CONDUCTED THE COMPREHENSIVE REVIEW AND THAT, AS OF THE DATE OF THE CERTIFICATION, THE FIRM HAS IN PLACE POLICIES AND PROCEDURES TO ADDRESS AND CORRECT THE VIOLATIONS. FINE PAID ON JUNE 10, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: FROM OCTOBER 2007 THROUGH AUGUST 2008, THREE SECURITIES AMERICA, INC. (SAI) REPRESENTATIVES SENT EMAILS TO CUSTOMERS WITH REGARD TO THE IMH SECURED LOAN FUND, LLC ("IMH FUND") AND MEDICAL PROVIDER FUNDING CORPORATION V ("MED CAP V") THAT CONTAINED MISREPRESENTATIONS OR MISLEADING STATEMENTS. FINRA ALLEGED THAT SAI FAILED TO HAVE A SUPERVISORY SYSTEM IN PLACE RELATING TO ELECTRONIC COMMUNICATIONS WITH CUSTOMERS, IN VIOLATION OF NASD RULES 3010(A), 3010(D)(2), AND NASD RULE 2110.

Initiated By: FINRA

Date Initiated: 04/26/2013

Docket/Case Number: [2010022518105](#)

Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/26/2013

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED, FINED, AND AGREED TO CONDUCT A



COMPREHENSIVE REVIEW OF ITS SYSTEMS FOR THE REVIEW OF EMAIL TO DETERMINE: (A) THAT THOSE SYSTEMS ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD AND FINRA RULES AND WITH APPLICABLE FEDERAL SECURITIES LAWS AND RULES; AND (B) THAT THOSE SYSTEMS HAVE BEEN ADEQUATELY REVISED TO ADDRESS AND CORRECT THE DEFICIENCIES. THE FIRM WILL TEST ITS SYSTEMS, AFTER THE REVIEW AND ANY REVISIONS UNDERTAKEN, TO VERIFY THAT THOSE SYSTEMS IDENTIFY ALL EMAILS SENT BY ITS REPRESENTATIVES. WITHIN 120 CALENDAR DAYS, AN OFFICER OF THE FIRM SHALL CERTIFY TO FINRA IN WRITING THAT THE FIRM HAS CONDUCTED THE COMPREHENSIVE REVIEW AND THAT, AS OF THE DATE OF THE CERTIFICATION, THE FIRM HAS IN PLACE POLICIES AND PROCEDURES TO ADDRESS AND CORRECT THE VIOLATIONS.

Disclosure 22 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	SECURITIES AMERICA, INC. FAILED TO REPORT A 2008 ADMINISTRATIVE ACTION TAKEN BY THE NEBRASKA DEPARTMENT OF BANKING AND FINANCE TO THE DIRECTOR OF THE NEBRASKA DEPARTMENT OF INSURANCE WITHIN 30 DAYS OF THE FINAL DISPOSITION OF THE ADMINISTRATIVE ACTION.
Initiated By:	STATE OF NEBRASKA DEPARTMENT OF INSURANCE
Date Initiated:	11/13/2012
Docket/Case Number:	A-1962
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	11/13/2012
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	
Sanction Details:	THE DIRECTOR OF INSURANCE LEVIED AN ADMINISTRATIVE FINE OF



\$500.00 AGAINST SECURITIES AMERICA, INC. THE FIRM CONSENTED TO THE FINE AND SENT PAYMENT ON NOVEMBER 9, 2012. THE DEPARTMENT OF INSURANCE APPROVED THE CONSENT ORDER ON NOVEMBER 13, 2012.

Disclosure 23 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE DIVISION ALLEGED RESPONDENT FAILED TO REASONABLY SUPERVISE, WARRANTING SANCTIONS UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE UTAH UNIFORM SECURITIES ACT.
Initiated By:	UTAH
Date Initiated:	04/10/2012
Docket/Case Number:	SD-12-0025
URL for Regulatory Action:	
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Stipulation and Consent
Resolution Date:	05/31/2012
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$4,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FINE WAS PAID IN FULL.
Regulator Statement	A PDF COPY OF THE PETITION CAN BE VIEWED ONLINE AT: HTTP://SECURITIES.UTAH.GOV/DOCKETS/12002501.PDF (NOTE: THE WEB ADDRESS MUST BE ENTERED IN ALL LOWER CASE



LETTERS).

Reporting Source:	Firm
Current Status:	Final
Allegations:	IN 2011, THE STATE OF UTAH SECURITIES DIVISION CONDUCTED AN EXAMINATION OF A SECURITIES AMERICA, INC. (SAI) BRANCH OFFICE. IT WAS DISCOVERED THAT A REPRESENTATIVE HAD ENGAGED IN SECURITIES ACTIVITIES AT ANOTHER LOCATION, BUT THE LOCATION WAS NOT REGISTERED AS A BRANCH OFFICE AS REQUIRED BY FIRM PROCEDURES. ON APRIL 10, 2012, THE STATE FILED A PETITION TO CENSURE LICENSEES AND IMPOSE FINES RELATING TO THIS MATTER.
Initiated By:	STATE OF UTAH DIVISION OF SECURITIES
Date Initiated:	04/10/2012
Docket/Case Number:	SD-12-0025
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Stipulation and Consent
Resolution Date:	05/31/2012
Sanctions Ordered:	Monetary/Fine \$4,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	ON MAY 31, 2012, SECURITIES AMERICA, INC. AND THE STATE OF UTAH SECURITIES DIVISION ENTERED INTO A STIPULATION AND CONSENT ORDER. WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM PAID A FINE OF \$4,000 AND AGREED TO CEASE AND DESIST FROM VIOLATING THE UTAH UNIFORM SECURITIES ACT.

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Reporting Source:	Regulator
Current Status:	Final



Allegations: SECURITIES AMERICA ENTERED INTO CONTRACTS WITH MEDICAL CAPITAL HOLDINGS INC. FROM 2004 TO 2008 FOR THE SALE OF MEDICAL CAPITAL NOTES. THE SALES IN NH OF THESE NOTES WERE PRIVATE PLACEMENTS THAT WERE NOT SUITABLE FOR THE NH INVESTORS. THE NOTES WENT INTO DEFAULT CAUSING INVESTOR LOSSES.

Initiated By: NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION

Date Initiated: 12/03/2010

Docket/Case Number: INV2010-019

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: COSTS, FINE AND CONTRIBUTION TO INVESTOR EDUCATION.

Resolution: Consent

Resolution Date: 11/01/2012

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$25,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: COSTS OF \$40000.00 AND CONTRIBUTION TO INVESTOR EDUCATION OF \$25000.00.

Sanction Details: THE BUREAU'S PETITION FOR RELIEF AGAINST TWO AGENTS LARRY PANZARI AND BARRY ARMSTRONG WAS DISMISSED WITH PREJUDICE AS PART OF THE CONSENT.

Regulator Statement THE AMOUNT OF NOTES WAS ABOUT \$500000.00 AND NUMBER OF INVESTORS WAS SIX.

Reporting Source: Firm

Current Status: Final



Allegations: THE STATE OF NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION ISSUED A NOTICE OF ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE UNDER THE PROVISIONS OF RSA 421-B:26-A. THE BUREAU HAS ORDERED THAT SAI CEASE AND DESIST FROM VIOLATIONS OF RSA 421-B; SHOW CAUSE WHY ITS NEW HAMPSHIRE LICENSE SHOULD NOT BE SUSPENDED OR REVOKED; SHOW CAUSE WHY THEY SHOULD NOT BE ASSESSED ADMINISTRATIVE PENALTIES AND FINES; AND PAY THE BUREAU FOR COSTS ASSOCIATED WITH ITS INVESTIGATION. THIS MATTER RELATES TO THE FIRM'S SALE OF MEDICAL CAPITAL NOTES TO SIX INVESTORS TOTALING APPROXIMATELY \$500,000.

Initiated By: STATE OF NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION

Date Initiated: 12/03/2010

Docket/Case Number: INV2010-019

Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: ADMINISTRATIVE FINES AND PENALTIES

Resolution: Consent

Resolution Date: 11/01/2012

Sanctions Ordered: Monetary/Fine \$25,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: ADMINISTRATIVE COSTS \$40,000;
CONTRIBUTION TO INVESTOR EDUCATION \$25,000

Sanction Details: THE STATE OF NEW HAMPSHIRE, BUREAU OF SECURITIES REGULATION AND SECURITIES AMERICA, INC. ENTERED INTO A CONSENT ORDER ON NOVEMBER 1, 2012. THE FIRM AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF THE NEW HAMPSHIRE SECURITIES ACT RSA 421-B. IN ADDITION, THE FIRM AGREED TO PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$25,000; TO PAY \$40,000 AS AN ADMINISTRATIVE COST REIMBURSEMENT; AND TO PAY \$25,000 AS A CONTRIBUTION TO THE NEW HAMPSHIRE BUREAU INVESTOR EDUCATION ACCOUNT.

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Reporting Source: Regulator

**Current Status:**

Final

Allegations:

FINRA RULE 2010 AND NASD RULES 2110, 2310, AND 3010: A COMPANY MARKETED AND SOLD PREFERRED STOCK AND LIMITED PARTNERSHIP INTERESTS IN A SERIES OF PRIVATE PLACEMENTS OFFERED BY AN AFFILIATED ISSUER, WHICH WAS A NON-REGISTERED ENTITY. THE COMPANY'S ONLY BUSINESS LINE WAS ACTING AS THE WHOLESALING BROKER-DEALER FOR THE ENTITY OFFERINGS, WHICH WERE SOLD TO CUSTOMERS THROUGH RETAIL BROKER-DEALERS NATIONWIDE. THE ENTITY-AFFILIATED OFFERINGS EACH CLAIMED AN EXEMPTION FROM THE REGISTRATION OF THE OFFERINGS PURSUANT TO RULE 506 OF REGULATION D. THE ENTITY OFFERED TWO SERIES OF NON-CONVERTIBLE REDEEMABLE CUMULATIVE PREFERRED STOCK. EACH SHARE OF STOCK WAS OFFERED FOR \$5,000 THROUGH A PRIVATE PLACEMENT MEMORANDUM (PPM). THE MEMBER FIRM EXECUTED A SALES AGREEMENT WHICH ALLOWED THE FIRM'S REGISTERED REPRESENTATIVES TO MARKET AND SELL THE OFFERINGS. THE FIRM SOLD A TOTAL OF APPROXIMATELY \$25,000,000 OF VARIOUS OFFERINGS TO APPROXIMATELY 400 INVESTORS. THESE SALES REPRESENTED APPROXIMATELY 5.2 % OF BOTH THE TOTAL FUNDS RAISED BY THE ENTITY AND THE TOTAL NUMBER OF INVESTORS IN THE VARIOUS OFFERINGS.

THE FIRM RECEIVED A FEE RELATED TO DUE DILIGENCE PERFORMED IN CONNECTION WITH EACH OFFERING, BUT BEYOND REVIEWING THE PPM FOR THE VARIOUS OFFERINGS, THE FIRM DID NOT PERFORM ADEQUATE PRODUCT DUE DILIGENCE TO DETERMINE THAT THE OFFERINGS WERE SUITABLE FOR ANY CUSTOMER. OTHER THAN REVIEWING THE PPM FOR THESE OFFERINGS, THE FIRM PRIMARILY RELIED ON THE PRODUCT DUE DILIGENCE IT HAD PERFORMED ON PRIOR ENTITY OFFERINGS, ITS REVIEW OF THE OFFERINGS WAS DONE PRIMARILY TO ENSURE THAT THE OFFERINGS DID NOT HAVE ANY MEANINGFUL SUBSTANTIVE DIFFERENCES FROM PRIOR OFFERINGS AND THE FIRM DID NOT SEE, OR REQUEST, ANY FINANCIAL INFORMATION REGARDING VARIOUS OFFERING. FURTHER, ONCE THE FIRM HAD CONCLUDED THAT IT WOULD SELL THE VARIOUS OFFERINGS, IT DID NOT CONDUCT SUFFICIENT CONTINUING DUE DILIGENCE OR FOLLOW-UP.

THE FIRM RECEIVED THIRD-PARTY DUE DILIGENCE REPORTS REGARDING THE VARIOUS OFFERINGS AND THESE DUE DILIGENCE REPORTS IDENTIFIED A NUMBER OF RED FLAGS WITH RESPECT TO THE OFFERINGS. FOR INSTANCE, THE REPORTS DETAILED THAT THE AFFILIATED OFFERINGS WERE COLLECTIVELY REPORTING A NET OPERATING LOSS, AND IN THE ABSENCE OF ADDITIONAL CREDIT LINE FUNDS, THE ENTITY'S OPERATING FUNDS WOULD NEED TO COME FROM A HIGHER LEVEL OF PRODUCTION REVENUES GOING FORWARD, OR



FUTURE DIVESTURES IN ORDER TO PAY DIVIDENDS AND PRINCIPAL REDEMPTIONS WHEN THEY BECAME DUE. IN ADDITION, THE REPORTS NOTED THAT CERTAIN OFFERINGS WERE ADVANCING FUNDS TO, OR BUYING ASSETS FROM, OTHER OFFERINGS. THE REPORTS OBSERVED THAT, BECAUSE OF THE LACK OF TRANSPARENCY IN THE COMPANY'S FINANCIAL STATEMENTS, IT WAS DIFFICULT TO ASCERTAIN THE ASSET AND LIABILITY POSITIONS OF THE OFFERINGS AT ANY GIVEN MOMENT. FINALLY, THE REPORTS CAUTIONED THAT THE FINANCIAL STATEMENTS FOR THE AFFILIATED OFFERINGS HAD NOT BEEN FORMALLY AUDITED OR CONFIRMED BY AN OUTSIDE ACCOUNTING FIRM NECESSARY TO VALIDATE THE FINANCIAL INFORMATION REPORTED BY THE COMPANY. THE FIRM DID NOT TAKE THE NECESSARY STEPS, THROUGH OBTAINING FINANCIAL INFORMATION OR OTHERWISE, TO ADDRESS THIS RED FLAG AND ENGAGE IN SCRUTINY OF THIS ISSUE FOR THE VARIOUS OFFERINGS.

THE FIRM DID NOT CONDUCT SUFFICIENT PRODUCT DUE DILIGENCE FOR THESE OFFERINGS PRIOR TO APPROVING THEM FOR SALE TO THE FIRM'S CUSTOMERS. THE FIRM FAILED TO HAVE REASONABLE GROUNDS FOR APPROVING THE SALE AND ALLOWING THE CONTINUED SALE OF THE VARIOUS OFFERINGS. WITHOUT ADEQUATE PRODUCT DUE DILIGENCE, THE FIRM COULD NOT IDENTIFY AND UNDERSTAND THE RISKS OF THE VARIOUS OFFERINGS. THE FIRM FAILED TO ENFORCE REASONABLE SUPERVISORY PROCEDURES TO DETECT OR ADDRESS POTENTIAL RED FLAGS AND NEGATIVE INFORMATION AS IT RELATED TO THE VARIOUS OFFERINGS. THE FIRM THEREFORE FAILED TO ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASD AND FINRA RULES IN CONNECTION WITH APPROVING THE SALE OF THE PRIVATE PLACEMENTS.

Initiated By: FINRA

Date Initiated: 11/28/2011

Docket/Case Number: [2010022518101](#)

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): PRIVATE PLACEMENTS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/28/2011



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$250,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$250,000. FINE PAID IN FULL DECEMBER 12, 2011.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	FINRA ALLEGED THAT SECURITIES AMERICA, INC. (SAI) VIOLATED NASD CONDUCT RULES 2310, 3010, AND 2110 AND FINRA RULE 2010 IN CONNECTION WITH APPROVING THE SALE OF TWO PRIVATE PLACEMENT OFFERINGS. FINRA ALLEGED THAT SAI FAILED TO CONDUCT ADEQUATE PRODUCT DUE DILIGENCE ON THE PROVIDENT SHALE ROYALTIES 15, INC. AND SHALE ROYALTIES 20, INC. PRIVATE PLACEMENTS OFFERED BY PROVIDENT ROYALTIES, LLC. FURTHER, FINRA ALLEGED THAT SAI FAILED TO ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS IN CONNECTION WITH THE APPROVAL OF THESE TWO PRODUCTS FOR SALE.
Initiated By:	FINRA
Date Initiated:	11/28/2011
Docket/Case Number:	2010022518101
Principal Product Type:	Other
Other Product Type(s):	PRIVATE PLACEMENTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)



Resolution Date: 11/28/2011

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM AGREED TO THE CENSURE AND REMITTED PAYMENT OF \$250,000 TO FINRA.

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Reporting Source: Firm

Current Status: Final

Allegations: THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY DIVISION OF INSURANCE ALLEGED THAT SECURITIES AMERICA, INC. (SAI) FAILED TO FILE AN ANNUAL REPORT BY BROKER OF VIATICAL SETTLEMENTS IN 2007 AS REQUIRED BY NRS 688C.510.

Initiated By: STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY DIVISION OF INSURANCE

Date Initiated: 04/29/2011

Docket/Case Number: 11.0440

Principal Product Type: Insurance

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 04/29/2011

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING ANY WRONDGOING, SAI AGREED TO A CONSENT TO FINE TO PAY THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY DIVISION OF INSURANCE THE AMOUNT OF \$500.00.



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Reporting Source:	Firm
Current Status:	Final
Allegations:	THE STATE OF INDIANA SECRETARY OF STATE SECURITIES DIVISION ALLEGED THAT A REPRESENTATIVE OF SECURITIES AMERICA, INC. (SAI) SUPPLIED INFORMATION CONCERNING THE IDENTITY, AFFAIRS, OR INVESTMENTS OF A CLIENT TO AN UNAUTHORIZED THIRD PARTY AND EXERCISED DISCRETIONARY POWER IN PLACING AN ORDER FOR THE PURCHASE OR SALE OF SECURITIES FOR A CLIENT WITHOUT OBTAINING AUTHORITY TO DO SO.
Initiated By:	STATE OF INDIANA OFFICE OF THE SECRETARY OF STATE SECURITIES DIVISION
Date Initiated:	03/22/2011
Docket/Case Number:	11-0054 CA
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	03/22/2011
Sanctions Ordered:	Monetary/Fine \$10,000.00
Other Sanctions Ordered:	THE FIRM AGREED TO SEND AN OFFER OF SETTLEMENT TO THE CUSTOMER INVOLVED IN THE ALLEGATIONS.
Sanction Details:	WITHOUT ADMITTING OR DENYING ANY WRONGDOING, SAI AGREED TO RE-EXTEND AN OFFER OF SETTLEMENT TO THE CUSTOMER IN THE AMOUNT OF \$1,018.39 AND TO PAY THE STATE OF INDIANA SECRETARY OF STATE SECURITIES DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$5,000.00 AND INVESTIGATIVE COSTS IN THE AMOUNT OF \$5,000.00.

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Reporting Source:	Regulator
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Current Status: Final
Allegations: FRAUD BY OMISSION; FRAUD BY ENGAGING IN AN ACT, PRACTICE OR COURSE OF BUSINESS THAT OPERATES OR WOULD OPERATE AS A FRAUD OR DECEIT.
Initiated By: MONTANA
Date Initiated: 08/04/2010
Docket/Case Number: SEC-2010-48
URL for Regulatory Action:
Principal Product Type: Debt - Asset Backed
Other Product Type(s): MEDICAL CAPITAL HOLDINGS, INC. PROMISSORY NOTES
Principal Sanction(s)/Relief Sought: Restitution
Other Sanction(s)/Relief Sought: FINES; SUSPENSION OR REVOCATION.
Resolution: Order
Resolution Date: 03/14/2012
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Monetary/Fine \$45,000.00
Other Sanctions Ordered: REIMBURSEMENT OF \$35,000 ADMINISTRATIVE COSTS. \$35,000 CONTRIBUTION TO THE INVESTOR PROTECTION TRUST.
Sanction Details: FINE PAID UPON SETTLEMENT.
Regulator Statement MATTER INVOLVES THE OFFER AND SALE OF MEDICAL CAPITAL HOLDINGS, INC. PROMISSORY NOTES.

Reporting Source: Firm
Current Status: Final
Allegations: THE STATE OF MONTANA COMMISSIONER OF SECURITIES & INSURANCE ISSUED A TEMPORARY CEASE & DESIST ORDER, NOTICE OF PROPOSED AGENCY DISCIPLINARY ACTION, AND OPPORTUNITY FOR HEARING



ALLEGING VIOLATIONS OF MONT. CODE ANN. 30-10-301(1)(B) AND 30-10-301(C). THE COMMISSIONER HAS ORDERED THAT THE RESPONDENTS CEASE AND DESIST FROM ENGAGING IN PRACTICES THAT VIOLATE ANY SECTION OF THE SECURITIES ACT OF MONTANA. THE COMMISSIONER IS SEEKING RELIEF INCLUDING THE PAYMENT OF RESTITUTION TO MONTANA CUSTOMERS WHO PURCHASED MEDICAL CAPITAL NOTES, FINES NOT TO EXCEED \$5,000 FOR EACH VIOLATION OF THE SECURITIES ACT OF MONTANA, AND SUSPENSION OR REVOCATION OF THE FIRM'S REGISTRATION. THE FIRM CONTESTS ALL ALLEGATIONS OF WRONGDOING AND WILL SEEK DISMISSAL OF THE ACTION.

Initiated By: STATE OF MONTANA COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR

Date Initiated: 08/05/2010

Docket/Case Number: SEC-2010-48

Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: RESTITUTION, FINE, SUSPENSION, REVOCATION

Resolution: Consent

Resolution Date: 03/14/2012

Sanctions Ordered: Monetary/Fine \$115,000.00

Other Sanctions Ordered:

Sanction Details: ON MARCH 14, 2012, THE STATE OF MONTANA COMMISSIONER OF SECURITIES AND INSURANCE AND SECURITIES AMERICA, INC. ENTERED INTO A CONSENT AGREEMENT AND FINAL ORDER PURSUANT TO THE AUTHORITY OF MONT. CODE ANN. 30-10-101. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM AGREED TO PAY A FINE OF \$45,000 TO THE MONTANA STATE AUDITOR; TO PAY \$35,000 AS AN ADMINISTRATIVE COST REIMBURSEMENT TO THE MONTANA STATE AUDITOR; AND TO PAY \$35,000 AS A CONTRIBUTION TO THE INVESTOR PROTECTION TRUST. NO RESTITUTION WAS PAID TO MONTANA INVESTORS AS A RESULT OF THIS CONSENT AGREEMENT AND FINAL ORDER.

Firm Statement CONTROL AFFILIATES JAMES D. NAGENGAST, KEVIN JOSEPH MILLER, DEBRA A. HANSEN, LAMAR STUART JONES, JR. AND PAMELA JANINE WERTHEIM WERE DISMISSED FROM THIS MATTER WITH PREJUDICE.



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Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>MEDICAL CAPITAL ISSUED OVER 1.7 BILLION DOLLARS IN PROMISSORY NOTES ("MC NOTES") FROM 2003 TO 2009. RESPONDENT ACTED AS A PLACEMENT AGENT IN CONNECTION WITH THE SALE OF 697 MILLION DOLLARS WORTH OF MC NOTES. RESPONDENT SOLD NOTES TO OVER 60 MASSACHUSETTS INVESTORS WHO PURCHASED ROUGHLY 7.2 MILLION DOLLARS OF MC NOTES. IN CONNECTION WITH THESE SALES, RESPONDENT RECEIVED OVER 26 MILLION DOLLARS IN COMPENSATION AND RESPONDENT'S TOP EXECUTIVES ENJOYED VACATION TRIPS WHICH WERE PAID BY MEDICAL CAPITAL. SINCE AUGUST 2008, MEDICAL CAPITAL HAS DEFAULTED ON ALL OF ITS OUTSTANDING NOTE OBLIGATIONS. CURRENTLY, 1.079 BILLION DOLLARS OF MC NOTES ARE IN DEFAULT STATUS, OF WHICH 358 MILLION DOLLARS WERE SOLD BY REPENDENT. INVESTORS WERE TOLD BY REPENDENT THAT MC NOTES WERE "FULLY SECURED" BUT MATERIAL RISK INFORMATION WHICH WOULD HAVE MADE CLEAR TO INVESTORS THE HIGH RISK ASSOCIATED WITH THE MC NOTES WAS KEPT HIDDEN FROM THEM. RESPONDENT'S REGISTERED REPRESENTATIVES CIRCULATED MARKETING MATERIALS TO INVESTORS FOR THE PURPOSE OF SOLICITING SALES OF MC NOTES WITHOUT FIRST ENSURING THAT EACH INVESTOR WAS SOPHISTICATED AND ACCREDITED. RESPONDENT IGNORED CONTENTS IN DUE DILIGENCE ANALYST REPORTS WHICH RECOMMENDED THAT INVESTORS BE INFORMED OF MATERIAL RISKS ASSOCIATED WITH MC NOTES.</p>
Initiated By:	MASSACHUSETTS SECURITIES DIVISION
Date Initiated:	01/26/2010
Docket/Case Number:	E-2009-0085
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	PROMISSORY NOTES
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	REPENDENTS: PERMANENTLY CEASE AND DESIST FROM FURTHER VIOLATIONS OF THE ACT AND REGULATIONS; PROVIDE RESTITUTION TO ALL MASSACHUSETTS INVESTORS WHOM RESPONDENT SOLD MEDICAL CAPITAL TO IN AN AMOUNT DEEMED APPROPRIATE BY A HEARING OFFICER; BE CENSURED; PAY AN ADMINISTRATIVE FINE; AND TAKING ANY



OTHER ACTION THAT A HEARING OFFICER MAY DEEM APPROPRIATE IN THE PUBLIC INTEREST AND NECESSARY FOR THE PROTECTION OF MASSACHUSETTS INVESTORS.

Resolution: Order

Resolution Date: 05/23/2011

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: RESPONDENT WAS ORDERED TO PAY 2.8 MILLION DOLLARS IN RESTITUTION AND TO MAKE ANY ADDITIONAL PAYMENTS NECESSARY TO MAKE INVESTORS WHOLE.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT SOLD NOTES TO OVER 60 MASSACHUSETTS INVESTORS WHO PURCHASED ROUGHLY 7.2 MILLION DOLLARS OF MC NOTES. SINCE AUGUST 2008, MEDICAL CAPITAL HAS DEFAULTED ON ALL OF ITS OUTSTANDING NOTE OBLIGATIONS. THE MA SECURITIES DIVISION ALLEGED THAT THE INVESTORS WERE NOT SOPHISTICATED AND UNDERSTOOD THAT MC NOTES WERE "FULLY SECURED." IT WAS FURTHER ALLEGED THAT MATERIAL RISK INFORMATION WHICH WOULD HAVE MADE CLEAR TO INVESTORS THE HIGH RISK ASSOCIATED WITH THE MC NOTES WAS NOT PROVIDED. IN ADDITION, IT WAS ALLEGED THAT RESPONDENT INSUFFICIENTLY CONSIDERED DUE DILIGENCE ANALYST REPORTS WHICH RECOMMENDED THAT INVESTORS BE INFORMED OF MATERIAL RISKS ASSOCIATED WITH MC NOTES.

Initiated By: THE COMMONWEALTH OF MASSACHUSETTS SECURITIES DIVISION

Date Initiated: 01/26/2010

Docket/Case Number: E-2009-0085

Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	RESTITUTION CENSURE ADMINISTRATIVE FINE
Resolution:	Order
Resolution Date:	05/23/2011
Sanctions Ordered:	Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SECURITIES AMERICA, INC. (SAI) SUBMITTED AN OFFER OF SETTLEMENT WITH RESPECT TO THE ADMINISTRATIVE COMPLAINT FILED BY THE ENFORCEMENT SECTION FO THE MASSACHUSETTS SECURITIES DIVISION ON JANUARY 26, 2010 IN CONNECTION WITH THE FIRM'S SALE OF MEDICAL CAPITAL NOTES. SAI AGREED TO ENTER A CONSENT ORDER TO CEASE AND DESIST FROM VIOLATIONS OF THE MASSACHUSETTS UNIFORM SECURITIES ACT AND PAY AT LEAST 2.8 MILLION IN RESTITUTION TO INVESTORS.
Firm Statement	WITHOUT ADMITTING OR DENYING LIABILITY, SAI CONSENTED TO THE ISSUANCE OF AN ORDER, WHICH DID NOT INCLUDE THE ALLEGATIONS ORIGINALLY MADE, AND INSTEAD WAS BASED ENTIRELY ON SUITABILITY ISSUES.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULE 2110: THE BREAKPOINT SELF-ASSESSMENT FOLLOW-UP REVIEW CONDUCTED FOR THE FIRM FOUND THAT THE FIRM FAILED TO ACCURATELY COMPLETE THE SELF-ASSESSMENT OF BREAKPOINT COMPLIANCE AND DID NOT IDENTIFY AND REVIEW ALL QUALIFYING MUTUAL FUND TRANSACTIONS TO DETERMINE WHETHER REMEDIAL ACTION WAS NECESSARY. THE FIRM DID NOT ACCURATELY COMPLETE THE REQUIRED TRADE-BY-TRADE REVIEW AS PART OF THE REMEDIATION PROCESS FOLLOWING THE SELF-ASSESSMENT.
Initiated By:	FINRA
Date Initiated:	03/23/2009



Docket/Case Number: [2005001164501](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/23/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$55,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS: THEREFORE, THE FIRM IS CENSURED AND FINED \$55,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA HAS ALLEGED A VIOLATION OF NASD RULE 2110. MATTER ARISES FROM POTENTIAL VIOLATIONS DISCOVERED BY THE NASD IN AN EXAMINATION OF SECURITIES AMERICA, INC. (THE "FIRM") IN 2005. NASD ALLEGED THAT THE FIRM UNDER-REPORTED THE NUMBER OF QUALIFYING AUTOMATED PURCHASES (QAPS) IN ITS BREAKPOINT SELF-ASSESSMENT COMPLETED IN 2003. NASD ALSO ALLEGED THAT THE FIRM FAILED TO IDENTIFY FIVE MISSED BREAKPOINTS IN IT'S TRADE-BY-TRADE REVIEWS OUT OF A SAMPLE OF 60 TRADES EXAMINED.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 02/07/2008

Docket/Case Number: [2005001164501](#)



Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: WELLS NOTICE RELATING TO BREAKPOINTS.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/23/2009

Sanctions Ordered: Censure
Monetary/Fine \$55,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; SAI WAS CENSURED AND FINED \$55,000.

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Reporting Source: Firm

Current Status: Final

Allegations: STATE OF NEBRASKA HAS DETERMINED THAT SAI HAS VIOLATED STATE RULES NEB. REV. 8-1103 FOR FAILING TO PROPERLY DISCLOSE OUTSIDE BUSINESS OF IT REPRESENTATIVES UNDER SECTION 13 OF FORM U4. SAI ALLOWS IT REPRESENTATIVES TO LIST OUTSIDE BUSINESS SUCH AS FIXED INSURANCE ACTIVITIES UNDER SECTION 12, SECTION 13 OR BOTH OF FORM U4.

Initiated By: STATE OF NEBRASKA DEPARTMENT OF BANKING AND FINANCE

Date Initiated: 07/15/2008

Docket/Case Number: N/A

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Order



Resolution Date:	08/13/2008
Sanctions Ordered:	Monetary/Fine \$2,500.00
Other Sanctions Ordered:	
Sanction Details:	SAI PAID A FINE OF \$2500.00 TO STATE OF NEBRASKA 8/13/2008 AND AGREED TO THE CONDITION OF THE CONSENT ORDER ISSUED 7/15/2008.
Firm Statement	THE STATE OF NE HAS ACCEPTED THE ORDER.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 6230(A), 6230(C)(8) - SECURITIES AMERICA, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES.
Initiated By:	FINRA
Date Initiated:	07/21/2008
Docket/Case Number:	20050032151-01
Principal Product Type:	Other
Other Product Type(s):	TRACE-ELIGIBLE SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/21/2008
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No



Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 6230(A), 6230(C)(8) - SECURITIES AMERICA, INC. (SAI) FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. SAI FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES.

Initiated By: NASD

Date Initiated: 11/28/2005

Docket/Case Number: 20050032151-01

Principal Product Type: Debt - Corporate

Other Product Type(s): DEBT - MUNIS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: WELLS NOTICE WITH RESPECT TO TRACE REPORTING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/24/2008

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: THIS DISPOSITION RESULTED IN A CENSURE AND FINE OF \$7500.00. SAI PAID THE FINE JUNE 30, 2008.

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND THE ENTRY OF THE FINDINGS.



Disclosure 33 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>NASD RULES 2110, 2830(K)(7)(C), 2830(K)(4), 3010: RESPONDENT MEMBER FIRM GRANTED AN INDIVIDUAL A PARTICIPATION IN THE DIRECTED COMMISSIONS RECEIVED FROM MUTUAL FUND COMPANY CONTRARY TO NASD RULE THAT PROHIBITS A MEMBER FROM GRANTING SALES PERSONNEL PARTICIPATION IN DIRECTED COMMISSIONS. IN ADDITION, BECAUSE THE DIRECTED COMMISSIONS WERE EARMARKED FOR THE HIRING OF A SALES ASSISTANT WITH THE EXPECTATION BY ALL PARTIES THAT THE SALES ASSISTANT WOULD GENERATE ADDITIONAL SALES, THE ARRANGEMENT CONSTITUTED AN IMPERMISSIBLE PROMISE OF ADDITIONAL SALES. SAI APPROVED AN ARRANGEMENT WITH FUND COMPANY AND RECEIVED \$420,000 IN DIRECTED COMMISSIONS FOR A BENEFIT OF AN INDIVIDUAL. THE FIRM PAID \$262,500 OUT OF THESE DIRECTED COMMISSIONS AND RETAINED \$157,500. THIS ARRANGEMENT AND PAYMENTS VIOLATED RESTRICTIONS PLACED ON THE USE OF DIRECTED BROKERAGE COMMISSIONS SET FORTH IN NASD RULES. RESPONDENT MEMBER FIRM KNEW OR SHOULD HAVE KNOWN OF MATERIAL CONFLICT OF INTEREST, BUT FAILED TO TAKE STEPS TO ENSURE THAT AN INDIVIDUAL ACCURATELY DESCRIBE AND FULLY DISCLOSE TO HIS CUSTOMERS THE RECEIPT OF ADDITIONAL COMPENSATION FROM FUND COMPANY AND FURTHER FAILED TO DETECT AND PREVENT OTHER MISLEADING COMMUNICATION BY AN INDIVIDUAL CONCERNING HIS ARRANGEMENT AND THE NASD INVESTIGATION, INCLUDING ONE INSTANCE OF THE MISLEADING COMMUNICATIONS PRIOR TO ITS BEING SENT TO THE CUSTOMER. THE FIRM VIOLATED NASD RULE THAT REQUIRE MEMBER FIRMS TO MAINTAIN AND ENFORCE A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SUPERVISION OF ITS REGISTERED REPRESENTATIVES.</p>
Initiated By:	NASD
Date Initiated:	07/11/2007
Docket/Case Number:	2005003437101
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/11/2007

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$375,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, FINED \$375,000 AND REQUIRED TO COOPERATE FULLY WITH NASD IN ANY AND ALL INVESTIGATIONS, LITIGATION OR OTHER PROCEEDING THAT CONCERN, RELATE OR ARISE FROM THE MATTERS DESCRIBED IN THIS AWC.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 2830(K)(7)(C), 2830(K)(4), 3010: RESPONDENT MEMBER FIRM GRANTED AN INDIVIDUAL A PARTICIPATION IN THE DIRECTED COMMISSIONS RECEIVED FROM MUTUAL FUND COMPANY CONTRARY TO NASD RULE THAT PROHIBITS A MEMBER FROM GRANTING SALES PERSONNEL PARTICIPATION IN DIRECTED COMMISSIONS. IN ADDITION, BECAUSE THE DIRECTED COMMISSIONS WERE EARMARKED FOR THE HIRING OF A SALES ASSISTANT WITH THE EXPECTATION BY ALL PARTIES THAT THE SALES ASSISTANT WOULD GENERATE ADDITIONAL SALES, THE ARRANGEMENT CONSTITUTED AN IMPERMISSIBLE PROMISE OF ADDITIONAL SALES. SAI APPROVED AN ARRANGEMENT WITH FUND COMPANY AND RECEIVED \$420,000 IN DIRECTED COMMISSIONS FOR A BENEFIT OF AN INDIVIDUAL. THE FIRM PAID \$262,500 OUT OF THESE DIRECTED COMMISSIONS AND RETAINED \$157,500. THIS ARRANGEMENT AND PAYMENTS VIOLATED RESTRICTIONS PLACED ON THE USE OF DIRECTED BROKERAGE COMMISSIONS SET FORTH IN NASD RULES. RESPONDENT MEMBER FIRM KNEW OR SHOULD HAVE KNOWN OF MATERIAL CONFLICT OF INTEREST, BUT FAILED TO TAKE STEPS TO ENSURE THAT AN INDIVIDUAL ACCURATELY DESCRIBE AND FULLY



DISCLOSE TO HIS CUSTOMERS THE RECEIPT OF ADDITIONAL COMPENSATION FROM FUND COMPANY AND FURTHER FAILED TO DETECT AND PREVENT OTHER MISLEADING COMMUNICATION BY AN INDIVIDUAL CONCERNING HIS ARRANGEMENT AND THE NASD INVESTIGATION, INCLUDING ONE INSTANCE OF THE MISLEADING COMMUNICATIONS PRIOR TO ITS BEING SENT TO THE CUSTOMER. THE FIRM VIOLATED NASD RULE THAT REQUIRE MEMBER FIRMS TO MAINTAIN AND ENFORCE A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SUPERVISION OF ITS REGISTERED REPRESENTATIVES.

Initiated By: NASD

Date Initiated: 07/11/2007

Docket/Case Number: [2005003437101](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/11/2007

Sanctions Ordered: Censure
Monetary/Fine \$375,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; SAI WAS CENSURED, FINED \$375,000 AND REQUIRED TO COOPERATE FULLY WITH NASD IN ANY AND ALL INVESTIGATIONS, LITIGATION OR OTHER PROCEEDING THAT CONCERN, RELATE OR ARISE FROM THE MATTERS DESCRIBED IN THIS AWC.

Disclosure 34 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 2310 AND 3010: THIS MATTER ARISES FROM A REVIEW OF SECURITIES AMERICA, INC. (THE "FIRM") SALES OF CLASS B SHARES



AND CLASS C OF MUTUAL FUNDS BETWEEN JANUARY 1, 2003 AND JULY 31, 2004 (THE "REVIEW PERIOD"). WITHIN THE REVIEW PERIOD THE FIRM EFFECTED TRANSACTIONS WHERE IT MADE RECOMMENDATIONS TO CLIENTS TO PURCHASE CLASS B AND CLASS C SHARES THROUGH ITS REGISTERED REPRESENTATIVES. IN CONNECTION WITH ITS RECOMMENDATIONS, THE FIRM DID NOT CONSIDER ON A CONSISTENT BASIS THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS FOR CERTAIN CLIENTS. THE FIRM DID NOT CONSISTENTLY CONSIDER THAT LARGE INVESTMENTS IN CLASS A SHARES OF MUTUAL FUNDS ENTITLE CLIENTS TO BREAKPOINT DISCOUNTS ON SALES CHARGES, GENERALLY BEGINNING AT THE \$50,000 INVESTMENT LEVEL, WHICH IS NOT AVAILABLE FOR INVESTMENT IN CLASS B SHARES AND CLASS C SHARES. CLIENTS MAY BE ENTITLED TO BREAKPOINTS BASED UPON A SINGLE MUTUAL FUND PURCHASE, MULTIPLE PURCHASES IN THE SAME "FAMILY OF FUND" AND/OR MUTUAL FUND INVESTMENTS HELD AT THE TIME OF THE NEW PURCHASE, BY MEMBERS OF THE CLIENT'S "HOUSEHOLD" AS THAT TERM IS DEFINED IN THE PROSPECTUS OF THE FUND IN WHICH THE SHARES ARE BEING PURCHASED. UNLIKE CLASS A SHARES, CLASS B SHARES ARE SUBJECT TO CONTINGENT DEFERRED SALES CHARGES ("CDSCS") FOR A PERIOD OF TIME, GENERALLY SIX YEARS, AS WELL AS HIGHER ONGOING RULE 12B-1 FEES FOR AS LONG AS THE CLASS B SHARES ARE HELD. THE CDSCS AND THE HIGHER ONGOING RULE 12B-1 FEES SIGNIFICANTLY AFFECT THE RETURN ON CLIENTS' MUTUAL FUND INVESTMENTS. IN ADDITION, THE FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES DURING THE REVIEW PERIOD WERE NOT REASONABLY ESTABLISHED, MAINTAINED AND/OR ENFORCED SO THAT THE FIRM, AT THE TIME OF EACH SALE, PROVIDED CONSIDERATION TO, ON A CONSISTENT BASIS, THE BENEFITS OF VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CLIENTS.

Initiated By: NASD NKA FINRA

Date Initiated: 03/24/2008

Docket/Case Number: [EAF0401370002](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 03/24/2008

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$322,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$322,000 AND AGREES TO THE FOLLOWING UNDERTAKINGS: THE FIRM MUST CREATE A LIST OF CLIENTS WHO PURCHASED \$50,000 OR MORE OF CLASS B SHARES BETWEEN JANUARY 1, 2003 AND JUNE 28, 2007, IN ANY SINGLE FUND FAMILY, WHICH SHALL BE AGGREGATED BY HOUSEHOLD AND FUND FAMILY IN DETERMINING IF THE \$50,000 THRESHOLD WAS MET AND CLASS C SHARES DURING THE RELEVANT TIME PERIOD WHICH, WHEN AGGREGATED BY HOUSEHOLD AND FUND FAMILY, TOTAL \$500,000 OR MORE AND INVOLVE PAYMENT OF A FRONT-END LOAD, OR \$1 MILLION OR MORE WHERE NO FRONT-END LOAD WAS PAID. THE LIST MUST INCLUDE AT LEAST THE CLIENT'S NAME(S) AND CONTACT INFORMATION, A FIRM-DESIGNATED HOUSEHOLD IDENTIFICATION NUMBER, THE TRADE DATE, FUND NAME, FUND SYMBOL AND NUMBER OF SHARES PURCHASED, AND THE GROSS PRINCIPAL AMOUNT INVESTED FOR EVERY PURCHASE. WHEN DETERMINING THE LIST OF QUALIFYING PURCHASES, THE FIRM MUST MAKE SUCH CALCULATIONS BASED ON EFFECTIVE DATE OF ORIGINAL AWC(6/28/07). WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND HELD ALL OR ANY PORTION OF HIS OR HER CLASS B SHARES AND/OR CLASS C SHARES AS OF THE EFFECTIVE DATE OF ORIGINAL AWC, INCLUDING REINVESTMENT SHARES, SO THAT SUCH CLIENT IS PUT INTO SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH HE OR SHE WOULD HAVE BEEN WITH RESPECT TO THE HELD QUALIFYING SHARE PURCHASES HAD THE CLIENT PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES AND/OR CLASS C SHARES. WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND SOLD SOME OR ALL OF HIS OR HER CLASS B AND/OR CLASS C SHARES COMPRISING THE QUALIFYING SHARE PURCHASE(S) OF THE DIFFERENCE, IF ANY, BETWEEN THE VALUE OF THE CLASS B AND/OR CLASS C SHARES REDEEMED, (CONTINUED IN



COMMENTS)

Regulator Statement

(SANCTION DETAIL CONTINUED) AS OF THE DATE OF REDEMPTION, AND THE VALUE BASED ON ACTUAL FUND PERFORMANCE, OF CLASS A SHARES HAD THEY BEEN PURCHASED INSTEAD. CASH PAYMENTS ARE NOT REQUIRED WHEN TOTAL AMOUNT DUE TO CLIENT IS LESS THAN \$10. CLIENTS WILL BE ENTITLED TO BREAKPOINTS CALCULATED BASED ON THE TOTAL OF ALL OPENING CLASS B AND/OR CLASS C SHARE BALANCES, DEPENDING ON THE SHARE CLASS FOR WHICH CONVERSION AND/OR CASH IN BEING OFFERED AGGREGATED BY HOUSEHOLD AND FUND FAMILY, PLUS THE TOTAL RESPECTIVE CLASS B AND/OR CLASS C SHARE PURCHASES AGGREGATED BY HOUSEHOLD AND FUND FAMILY DURING THE RELEVANT TIME PERIOD. WITHIN 60 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST SUBMIT TO NASD NKA FINRA FOR REVIEW A SAMPLE LETTER TO CLIENTS OFFERING THEM THE OPPORTUNITY TO CONVERT ANY OR ALL OF THE QUALIFYING PURCHASES, NOT UNACCEPTABLE TO NASD. WITHIN 60 DAYS FROM NOTICE OF ACCEPTANCE OF ORIGINAL AWC, FIRM MUST DESIGNATE AND TRAIN STAFF ("RESPONSE TEAM") TO FIELD AND RESPOND TO CLIENT INQUIRIES IN CONNECTION WITH AWC AND REMEDIATION PROCESS PURSUANT TO AWC. FIRM MUST COMPLETE REMEDIATION PROCESS WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC. WITHIN 330 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST FILE A REPORT ("INITIAL REPORT") WITH NASD, AND SIMULTANEOUSLY WITH THIRD PARTY EXAMINER. FIRM'S INITIAL REPORT MUST BE SUBMITTED TO NASD, CERTIFIED TO, AND SIGNED BY, AN OFFICER OF FIRM WHO IS REGISTERED WITH NASD AT THE TIME OF THE CERTIFICATION. WITHIN 60 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST RETAIN A THIRD PARTY EXAMINER, WHO SHALL NOT BE UNACCEPTABLE TO NASD TO EXAMINE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE TERMS OF THIS AWC AS REFLECTED IN THE FIRM'S INITIAL REPORT. AT THE CONCLUSION OF THE EXAMINATION, BUT NOT LATER THAN 420 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST REQUIRE THE THIRD PARTY EXAMINER TO SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND NASD.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NASD RULES 2110, 2310 AND 3010: THIS MATTER ARISES FROM A REVIEW OF SECURITIES AMERICA, INC. (THE "FIRM") SALES OF CLASS B SHARES AND CLASS C OF MUTUAL FUNDS BETWEEN JANUARY 1, 2003 AND JULY 31, 2004 (THE "REVIEW PERIOD"). WITHIN THE REVIEW PERIOD THE FIRM EFFECTED TRANSACTIONS WHERE IT MADE RECOMMENDATIONS TO



CLIENTS TO PURCHASE CLASS B AND CLASS C SHARES THROUGH ITS REGISTERED REPRESENTATIVES. IN CONNECTION WITH ITS RECOMMENDATIONS, THE FIRM DID NOT CONSIDER ON A CONSISTENT BASIS THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS FOR CERTAIN CLIENTS. THE FIRM DID NOT CONSISTENTLY CONSIDER THAT LARGE INVESTMENTS IN CLASS A SHARES OF MUTUAL FUNDS ENTITLE CLIENTS TO BREAKPOINT DISCOUNTS ON SALES CHARGES, GENERALLY BEGINNING AT THE \$50,000 INVESTMENT LEVEL, WHICH IS NOT AVAILABLE FOR INVESTMENT IN CLASS B SHARES AND CLASS C SHARES. CLIENTS MAY BE ENTITLED TO BREAKPOINTS BASED UPON A SINGLE MUTUAL FUND PURCHASE, MULTIPLE PURCHASES IN THE SAME "FAMILY OF FUND" AND/OR MUTUAL FUND INVESTMENTS HELD AT THE TIME OF THE NEW PURCHASE, BY MEMBERS OF THE CLIENT'S "HOUSEHOLD" AS THAT TERM IS DEFINED IN THE PROSPECTUS OF THE FUND IN WHICH THE SHARES ARE BEING PURCHASED. UNLIKE CLASS A SHARES, CLASS B SHARES ARE SUBJECT TO CONTINGENT DEFERRED SALES CHARGES ("CDSCS") FOR A PERIOD OF TIME, GENERALLY SIX YEARS, AS WELL AS HIGHER ONGOING RULE 12B-1 FEES FOR AS LONG AS THE CLASS B SHARES ARE HELD. THE CDSCS AND THE HIGHER ONGOING RULE 12B-1 FEES SIGNIFICANTLY AFFECT THE RETURN ON CLIENTS' MUTUAL FUND INVESTMENTS. IN ADDITION, THE FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES DURING THE REVIEW PERIOD WERE NOT REASONABLY ESTABLISHED, MAINTAINED AND/OR ENFORCED SO THAT THE FIRM, AT THE TIME OF EACH SALE, PROVIDED CONSIDERATION TO, ON A CONSISTENT BASIS, THE BENEFITS OF VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CLIENTS.

Initiated By: NASD NKA FINRA

Date Initiated: 06/28/2007

Docket/Case Number: [EAF0401370002](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/28/2007

Sanctions Ordered: Censure
Monetary/Fine \$322,000.00

**Other Sanctions Ordered:**

UNDERTAKINGS

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$322,000 AND AGREES TO THE FOLLOWING UNDERTAKINGS: THE FIRM MUST CREATE A LIST OF CLIENTS WHO PURCHASED \$50,000 OR MORE OF CLASS B SHARES BETWEEN JANUARY 1, 2003 AND JUNE 28, 2007, IN ANY SINGLE FUND FAMILY, WHICH SHALL BE AGGREGATED BY HOUSEHOLD AND FUND FAMILY IN DETERMINING IF THE \$50,000 THRESHOLD WAS MET AND CLASS C SHARES DURING THE RELEVANT TIME PERIOD WHICH, WHEN AGGREGATED BY HOUSEHOLD AND FUND FAMILY, TOTAL \$500,000 OR MORE AND INVOLVE PAYMENT OF A FRONT-END LOAD, OR \$1 MILLION OR MORE WHERE NO FRONT-END LOAD WAS PAID. THE LIST MUST INCLUDE AT LEAST THE CLIENT'S NAME(S) AND CONTACT INFORMATION, A FIRM-DESIGNATED HOUSEHOLD IDENTIFICATION NUMBER, THE TRADE DATE, FUND NAME, FUND SYMBOL AND NUMBER OF SHARES PURCHASED, AND THE GROSS PRINCIPAL AMOUNT INVESTED FOR EVERY PURCHASE. WHEN DETERMINING THE LIST OF QUALIFYING PURCHASES, THE FIRM MUST MAKE SUCH CALCULATIONS BASED ON EFFECTIVE DATE OF ORIGINAL AWC(6/28/07). WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND HELD ALL OR ANY PORTION OF HIS OR HER CLASS B SHARES AND/OR CLASS C SHARES AS OF THE EFFECTIVE DATE OF ORIGINAL AWC, INCLUDING REINVESTMENT SHARES, SO THAT SUCH CLIENT IS PUT INTO SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH HE OR SHE WOULD HAVE BEEN WITH RESPECT TO THE HELD QUALIFYING SHARE PURCHASES HAD THE CLIENT PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES AND/OR CLASS C SHARES. WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND SOLD SOME OR ALL OF HIS OR HER CLASS B AND/OR CLASS C SHARES COMPRISING THE QUALIFYING SHARE PURCHASE(S) OF THE DIFFERENCE, IF ANY, BETWEEN THE VALUE OF THE CLASS B AND/OR CLASS C SHARES REDEEMED, (CONTINUED IN COMMENTS)

Firm Statement

(SANCTION DETAIL CONTINUED) AS OF THE DATE OF REDEMPTION, AND THE VALUE BASED ON ACTUAL FUND PERFORMANCE, OF CLASS A SHARES HAD THEY BEEN PURCHASED INSTEAD. CASH PAYMENTS ARE NOT REQUIRED WHEN TOTAL AMOUNT DUE TO CLIENT IS LESS THAN \$10. CLIENTS WILL BE ENTITLED TO BREAKPOINTS CALCULATED BASED ON THE TOTAL OF ALL OPENING CLASS B AND/OR CLASS C SHARE BALANCES, DEPENDING ON THE SHARE CLASS FOR WHICH CONVERSION AND/OR CASH IN BEING OFFERED AGGREGATED BY HOUSEHOLD AND FUND FAMILY, PLUS THE TOTAL RESPECTIVE CLASS B AND/OR CLASS C SHARE



PURCHASES AGGREGATED BY HOUSEHOLD AND FUND FAMILY DURING THE RELEVANT TIME PERIOD. WITHIN 60 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST SUBMIT TO NASD NKA FINRA FOR REVIEW A SAMPLE LETTER TO CLIENTS OFFERING THEM THE OPPORTUNITY TO CONVERT ANY OR ALL OF THE QUALIFYING PURCHASES, NOT UNACCEPTABLE TO NASD. WITHIN 60 DAYS FROM NOTICE OF ACCEPTANCE OF ORIGINAL AWC, FIRM MUST DESIGNATE AND TRAIN STAFF ("RESPONSE TEAM") TO FIELD AND RESPOND TO CLIENT INQUIRIES IN CONNECTION WITH AWC AND REMEDIATION PROCESS PURSUANT TO AWC. FIRM MUST COMPLETE REMEDIATION PROCESS WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC. WITHIN 330 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST FILE A REPORT ("INITIAL REPORT") WITH NASD, AND SIMULTANEOUSLY WITH THIRD PARTY EXAMINER. FIRM'S INITIAL REPORT MUST BE SUBMITTED TO NASD, CERTIFIED TO, AND SIGNED BY, AN OFFICER OF FIRM WHO IS REGISTERED WITH NASD AT THE TIME OF THE CERTIFICATION. WITHIN 60 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST RETAIN A THIRD PARTY EXAMINER, WHO SHALL NOT BE UNACCEPTABLE TO NASD TO EXAMINE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE TERMS OF THIS AWC AS REFLECTED IN THE FIRM'S INITIAL REPORT. AT THE CONCLUSION OF THE EXAMINATION, BUT NOT LATER THAN 420 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST REQUIRE THE THIRD PARTY EXAMINER TO SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND NASD.

Disclosure 35 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2510, 3010(A) - SECURITIES AMERICA, INC. FAILED AND NEGLECTED TO ESTABLISH A SYSTEM REASONABLY DESIGNED TO SUPERVISE THE ACTIVITIES OF A REGISTERED REPRESENTATIVE WHOSE DISCRETIONARY TRADING AND SUBSEQUENT LOSSES TO INVESTORS APPEARED IN THE FIRM'S EXCEPTION REPORTS BUT PROVIDED NO COORDINATED RESPONSE UNTIL A CUSTOMER COMPLAINT WAS FILED A YEAR LATER. THE FIRM FAILED TO REVIEW ALL DISCRETIONARY ACCOUNTS AT FREQUENT INTERVALS IN CONNECTION WITH THE TRANSACTIONS EFFECTED BY THE REPRESENTATIVE IN ORDER TO DETECT AND PREVENT TRANSACTIONS THAT WERE EXCESSIVE IN SIZE OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND CHARACTER OF THE ACCOUNT.
Initiated By:	NASD
Date Initiated:	05/10/2007



Docket/Case Number: [2005001520702](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/10/2007

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$250,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD ALLEGES THAT THE INVESTMENT ADVISORY ACTIVITIES OF SAI REGISTERED REPRESENTATIVE, ROBERT GORMLY, AN INVESTMENT ADVISOR REPRESENTATIVE OF THE GORMLEY COMPANIES, AN UNAFFILIATED INVESTMENT ADVISOR REGISTERED WITH THE SEC RESULTED IN VIOLATIONS BY SAI OF NASD RULES 2510, 3010(A) AND 2110.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 05/10/2007

Docket/Case Number: [2005001520702](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE, \$250,000.00
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/10/2007
Sanctions Ordered:	Censure Monetary/Fine \$250,000.00
Other Sanctions Ordered:	
Sanction Details:	THE APPLICANT WILL PAY \$250,000.00 FINE

Disclosure 36 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 3010 AND 2110 - DURING THE REVIEW PERIOD, JANUARY 1, 2003, TO OCTOBER 31, 2004, THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE RULES OF THE NASD WITH RESPECT TO ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE. ITS COMPLIANCE MANUAL WAS OUTDATED AND FAILED TO REFLECT THE CURRENT ELECTRONIC MONITORING SYSTEM IN USE AT THE FIRM. THE TRADE REVIEW TEAM ("TRT"), A GROUP WITHIN THE COMPLIANCE DEPARTMENT AT THE HOME OFFICE, REVIEWED THE FIRM'S VARIABLE ANNUITY EXCHANGES. AMONG OTHER THINGS, TRT RELIED ON A SECTION OF THE FIRM'S WSPS, REFERRED TO AS THE "VARIABLE PRODUCT GUIDELINES" ("GUIDELINES") TO PROVIDE GUIDANCE ON HOW TO EVALUATE A PROPOSED EXCHANGE FOR SUITABILITY. BUT THE GUIDELINES FAILED TO PROVIDE ADEQUATE GUIDANCE TO INDIVIDUALS REVIEWING EXCHANGES. FOR EXAMPLE, THE GUIDELINES REQUIRED THAT AN EXCHANGE TRANSACTION MUST BE "IN THE BEST INTEREST OF AND [BE] SUITABLE FOR THE CLIENT." BUT THEY DID NOT PROVIDE GUIDANCE ON HOW THIS STANDARD WAS TO BE APPLIED. IN ADDITION, THE GUIDELINES MANDATED THAT TRT UNDERTAKE A "FURTHER REVIEW" IN CERTAIN CIRCUMSTANCES, BUT FAILED TO DESCRIBE WHAT THAT "FURTHER REVIEW" SHOULD ENTAIL. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE, PRIMARILY DUE TO THE FIRM'S FAILURE TO PROPERLY IMPLEMENT ITS



SYSTEM AND PROCEDURES AND ADEQUATELY DOCUMENT THE CONDUCT OF THE SAME. CERTAIN TRANSACTIONS THAT REQUIRED "FURTHER REVIEW" WERE NOT ADEQUATELY REVIEWED AND, TO THE EXTENT SUCH REVIEW OCCURRED, NO DOCUMENTATION OF SUCH REVIEW WAS MAINTAINED. IN ADDITION, THE FIRM REQUESTED THAT TRT TRACK FREQUENT REPLACEMENTS BY REPRESENTATIVES, BUT IT DID NOT GIVE TRT SUFFICIENT TOOLS TO DO SO.

Initiated By: NASD

Date Initiated: 12/21/2006

Docket/Case Number: [EAF0400600003](#)

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/21/2006

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$225,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE THE FIRM IS CENSURED, FINED \$225,000 AND REQUIRED TO COMPLY WITH THE FOLLOWING UNDERTAKINGS: RETAIN, WITHIN 6 MONTHS, AN INDEPENDENT CONSULTANT ("CONSULTANT") TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEM AND PROCEDURES ARE REASONABLE. THE FIRM WILL EXCLUSIVELY BEAR ALL COSTS AND COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING



PROVISION OF STAFF SUPPORT. THE FIRM SHALL PLACE NO RESTRICTIONS ON THE CONSULTANT'S COMMUNICATIONS WITH NASD AND, UPON REQUEST, SHALL MAKE AVAILABLE TO NASD STAFF ANY AND ALL COMMUNICATIONS BETWEEN THE CONSULTANT AND THE FIRM AND DOCUMENTS REVIEWED BY THE CONSULTANT IN CONNECTION WITH HIS OR HER ENGAGEMENT. ONCE RETAINED, THE FIRM SHALL NOT TERMINATE THE RELATIONSHIP WITH THE CONSULTANT WITHOUT THE NASD STAFF'S WRITTEN APPROVAL; THE FIRM SHALL NOT BE IN AND SHALL NOT HAVE AN ATTORNEY-CLIENT RELATIONSHIP WITH THE INDEPENDENT CONSULTANT AND SHALL NOT SEEK TO INVOKE THE ATTORNEY CLIENT PRIVILEGE OR OTHER DOCTRINE OR PRIVILEGE TO PREVENT THE INDEPENDENT CONSULTANT FROM TRANSMITTING ANY INFORMATION, REPORTS OR DOCUMENTS TO THE NASD. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 4 MONTHS AFTER THE CONSULTANT IS RETAINED; REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD A WRITTEN REPORT ("REPORT"). WITHIN 90 DAYS AFTER DELIVERY OF THE REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR IF IT DETERMINES THAT A RECOMMENDATION OR THE PROPOSED TIMING FOR IMPLEMENTING THE RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE OR TIME FRAME FOR IMPLEMENTING THE RECOMMENDATION TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NASD RULES 3010 AND 2110 - DURING THE REVIEW PERIOD, JANUARY 1, 2003, TO OCTOBER 31, 2004, THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE RULES OF THE NASD WITH RESPECT TO ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE. ITS COMPLIANCE MANUAL WAS OUTDATED AND FAILED TO REFLECT THE CURRENT ELECTRONIC MONITORING SYSTEM IN USE AT THE FIRM. THE TRADE REVIEW TEAM ("TRT"), A GROUP WITHIN THE COMPLIANCE DEPARTMENT AT THE HOME OFFICE, REVIEWED THE FIRM'S VARIABLE ANNUITY EXCHANGES. AMONG OTHER THINGS, TRT RELIED ON A SECTION OF THE FIRM'S WSPS, REFERRED TO AS THE "VARIABLE PRODUCT GUIDELINES" ("GUIDELINES") TO PROVIDE GUIDANCE ON HOW TO EVALUATE A PROPOSED EXCHANGE FOR SUITABILITY. BUT THE GUIDELINES FAILED TO PROVIDE ADEQUATE



GUIDANCE TO INDIVIDUALS REVIEWING EXCHANGES. FOR EXAMPLE, THE GUIDELINES REQUIRED THAT AN EXCHANGE TRANSACTION MUST BE "IN THE BEST INTEREST OF AND [BE] SUITABLE FOR THE CLIENT." BUT THEY DID NOT PROVIDE GUIDANCE ON HOW THIS STANDARD WAS TO BE APPLIED. IN ADDITION, THE GUIDELINES MANDATED THAT TRT UNDERTAKE A "FURTHER REVIEW" IN CERTAIN CIRCUMSTANCES, BUT FAILED TO DESCRIBE WHAT THAT "FURTHER REVIEW" SHOULD ENTAIL. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE, PRIMARILY DUE TO THE FIRM'S FAILURE TO PROPERLY IMPLEMENT ITS SYSTEM AND PROCEDURES AND ADEQUATELY DOCUMENT THE CONDUCT OF THE SAME. CERTAIN TRANSACTIONS THAT REQUIRED "FURTHER REVIEW" WERE NOT ADEQUATELY REVIEWED AND, TO THE EXTENT SUCH REVIEW OCCURRED, NO DOCUMENTATION OF SUCH REVIEW WAS MAINTAINED. IN ADDITION, THE FIRM REQUESTED THAT TRT TRACK FREQUENT REPLACEMENTS BY REPRESENTATIVES, BUT IT DID NOT GIVE TRT SUFFICIENT TOOLS TO DO SO.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 12/21/2006

Docket/Case Number: [EAF0400600003](#)

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE IN THE AMOUNT OF \$225,000.00 AND AN UNDERTAKING RELATING TO (1) MAINTAIN CERTAIN IMPROVMENTS MADE IN ITS POLICIES AND PROCEDURES RELATED TO SUPERVISION OF VARIABLE ANNUITY SALES, AND (2) THE HIRING OF AN INDEPENDENT CONSULTANT RETAINED TO ASSESS THE IMPLEMENTATION OF IMPROVEMENTS, THE ACTION OF SUPERVISORS, AND THE REASONABLENESS OF SYSTEM AND PROCEDURES USED BY SAI WITH RESPECT TO THE SALE OF VARIABLE ANNUITIES.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/21/2006

Sanctions Ordered: Censure
Monetary/Fine \$225,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS



THEREFORE THE FIRM IS CENSURED, FINED \$225,000 AND REQUIRED TO COMPLY WITH THE FOLLOWING UNDERTAKINGS: RETAIN, WITHIN 6 MONTHS, AN INDEPENDENT CONSULTANT ("CONSULTANT") TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEM AND PROCEDURES ARE REASONABLE. THE FIRM WILL EXCLUSIVELY BEAR ALL COSTS AND COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING PROVISION OF STAFF SUPPORT. THE FIRM SHALL PLACE NO RESTRICTIONS ON THE CONSULTANT'S COMMUNICATIONS WITH NASD AND, UPON REQUEST, SHALL MAKE AVAILABLE TO NASD STAFF ANY AND ALL COMMUNICATIONS BETWEEN THE CONSULTANT AND THE FIRM AND DOCUMENTS REVIEWED BY THE CONSULTANT IN CONNECTION WITH HIS OR HER ENGAGEMENT. ONCE RETAINED, THE FIRM SHALL NOT TERMINATE THE RELATIONSHIP WITH THE CONSULTANT WITHOUT THE NASD STAFF'S WRITTEN APPROVAL; THE FIRM SHALL NOT

Disclosure 37 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULES G-14, G-27 - SECURITIES AMERICA, INC. FAILED TO REPORT TO THE MSRB THE CORRECT PRICE FOR TRANSACTIONS; AND FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THAT ALL MUNICIPAL SECURITIES TRANSACTIONS WOULD BE APPROVED, EVIDENCED BY HIS/HER INITIALS OR SIGNATURE ON ALL APPROPRIATE DOCUMENTS.
Initiated By:	NASD
Date Initiated:	04/25/2006
Docket/Case Number:	2005002010101
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/25/2006



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	THE WELLS NOTICE ALLEGES THAT SAI'S SUPERVISORY SYSTEM FAILED TO REASONABLY PROVIDE FOR SUPERVISION WITH RESPECT TO MSRB FAIR PRICING RULES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	09/01/2005
Docket/Case Number:	20050020101-01
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	SAI RECEIVED A WELLS NOTICE REGARDING POLICIES AND PROCEDURES WITH RESPECT TO FIXED INCOME TRADING.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/21/2006
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	SAI RECEIVED INFORMATION FROM THE NASD FINANCE DEPARTMENT ON OR ABOUT MAY 8, 2006. PAYMENT OF THE \$10,000 FINE WILL BE MADE



PROMPTLY.

Firm Statement

THE NASD EXAMINATION RELATES TO A LIMITED NUMBER OF BOND CROSS TRANSACTIONS. THE TRANSACTIONS HAVE ALL BEEN CORRECTED TO REFLECT REDUCED PRINCIPAL MARK UPS. TO RESOLVE THE MATTER FINALLY AND WITHOUT FURTHER COST OR DELAY, SAI AGREED TO AN AWC IN WHICH IT AGREED TO A FINE AND CENSURE.

Disclosure 38 of 55

Reporting Source:

Regulator

Current Status:

Final

Allegations:

NASD RULES 2110, 2210(C)(1), 2210(D)(1), 2510, 3010(A) AND (B): RESPONDENT MEMBER FIRM ALLOWED THE REPRESENTATIVE TO OPERATE WITHOUT ADEQUATE SUPERVISION, WHEN THEY KNEW, OR SHOULD HAVE KNOWN, THAT THE REPRESENTATIVE WAS MAKING MISLEADING AND UNWARRANTED WRITTEN AND ORAL REPRESENTATIONS THAT CUSTOMERS COULD ESTABLISH MONTHLY WITHDRAWAL PROGRAMS BASED ON HIGH RATES OF RETURN, AND WAS ENCOURAGING CUSTOMERS TO RETIRE EARLY FROM THEIR JOBS ON THE EXPECTATION OF HIGH RATES OF RETURN WITHOUT ADEQUATE DISCLOSURE OF THE RISKS ASSOCIATED WITH SEEKING SUCH RETURNS. THE REPRESENTATIVE ALSO PREPARED AND DISTRIBUTED HIS OWN FORM OF CUSTOMER STATEMENTS ANNOTATED WITH MISLEADING NOTATIONS. THE FIRM OBJECTED TO THE FORM OF STATEMENTS, BUT ALLOWED THE REPRESENTATIVE TO USE THEM FOR A PERIOD OF TIME AFTER HE AGREED TO INDEMNIFY THE FIRM. THE FIRM FAILED TO APPROVE PROMPTLY IN WRITING EACH DISCRETIONARY ORDER ENTERED AND TO REVIEW ALL DISCRETIONARY ACCOUNTS IN ORDER TO DETECT AND PREVENT TRANSACTIONS WHICH WERE EXCESSIVE IN SIZE OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND CHARACTER OF THE ACCOUNT. THE FIRM FAILED TO FILE WITH NASD ADVERTISING CERTAIN OF ITS REPRESENTATIVES ADVERTISING AND SALES LITERATURE THAT CONTAINED COMMUNICATIONS RELATING TO INVESTMENT COMPANIES, WHICH WERE NOT FAIR AND BALANCED AND OMITTED MATERIAL FACTS. THE FIRM SUPERVISORY PROCEDURES WITH RESPECT TO ITS REGISTERED REPRESENTATIVES WERE NOT ADEQUATELY ENFORCED AT ALL TIMES.

Initiated By:

NASD

Date Initiated:

09/14/2006

Docket/Case Number:

[2005000226002](#)

Principal Product Type:

Annuity(ies) - Variable

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 09/14/2006**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure
Monetary/Fine \$2,500,000.00
Disgorgement/Restitution**Other Sanctions Ordered:** UNDERTAKINGS: WITHIN 60 DAYS OF AWC ACCEPTANCE, THE FIRM SHALL HIRE A CONSULTANT WHO WILL CONDUCT A COMPREHENSIVE REVIEW OF THE FIRM'S SEMINAR PRESENTATIONS, ADVERTISING, AND SYSTEMS AND PROCEDURES RELATING TO RETIREMENT PLANNING AND INVESTMENT RECOMMENDATIONS FOR RETIREES. AT THE CONCLUSION OF THE REVIEW, NO MORE THAN 120 DAYS AFTER THE DATE OF APPROVAL OF THE INDEPENDENT CONSULTANT, REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD STAFF A WRITTEN REPORT. WITHIN 30 DAYS AFTER DELIVERY OF THE WRITTEN REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATIONS IN UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE THE ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$2,500,000, AND ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE AMOUNT OF \$11,636,100.27 PLUS INTEREST OF \$2,189,101.14. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION AMOUNT SHALL BE PROVIDED TO THE NASD STAFF NO LATER THAN TEN BUSINESS DAYS AFTER ACCEPTANCE OF THIS AWC. IF FOR ANY REASON THE FIRM CANNOT LOCATE CUSTOMERS AFTER REASONABLE AND DOCUMENTED EFFORTS WITH SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY THE STAFF, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR



ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 2210(C)(1), 2210(D)(1), 2510, 3010(A) AND (B): RESPONDENT MEMBER FIRM ALLOWED THE REPRESENTATIVE TO OPERATE WITHOUT ADEQUATE SUPERVISION, WHEN THEY KNEW, OR SHOULD HAVE KNOWN, THAT THE REPRESENTATIVE WAS MAKING MISLEADING AND UNWARRANTED WRITTEN AND ORAL REPRESENTATIONS THAT CUSTOMERS COULD ESTABLISH MONTHLY WITHDRAWAL PROGRAMS BASED ON HIGH RATES OF RETURN, AND WAS ENCOURAGING CUSTOMERS TO RETIRE EARLY FROM THEIR JOBS ON THE EXPECTATION OF HIGH RATES OF RETURN WITHOUT ADEQUATE DISCLOSURE OF THE RISKS ASSOCIATED WITH SEEKING SUCH RETURNS. THE REPRESENTATIVE ALSO PREPARED AND DISTRIBUTED HIS OWN FORM OF CUSTOMER STATEMENTS ANNOTATED WITH MISLEADING NOTATIONS. THE FIRM OBJECTED TO THE FORM OF STATEMENTS, BUT ALLOWED THE REPRESENTATIVE TO USE THEM FOR A PERIOD OF TIME AFTER HE AGREED TO INDEMNIFY THE FIRM. THE FIRM FAILED TO APPROVE PROMPTLY IN WRITING EACH DISCRETIONARY ORDER ENTERED AND TO REVIEW ALL DISCRETIONARY ACCOUNTS IN ORDER TO DETECT AND PREVENT TRANSACTIONS WHICH WERE EXCESSIVE IN SIZE OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND CHARACTER OF THE ACCOUNT. THE FIRM FAILED TO FILE WITH NASD ADVERTISING CERTAIN OF ITS REPRESENTATIVES ADVERTISING AND SALES LITERATURE THAT CONTAINED COMMUNICATIONS RELATING TO INVESTMENT COMPANIES, WHICH WERE NOT FAIR AND BALANCED AND OMITTED MATERIAL FACTS. THE FIRM SUPERVISORY PROCEDURES WITH RESPECT TO ITS REGISTERED REPRESENTATIVES WERE NOT ADEQUATELY ENFORCED AT ALL TIMES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 01/20/2006

Docket/Case Number: 200500226002

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s): MUTUAL FUNDS

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)



Other Sanction(s)/Relief Sought:	RESTITUTION AND UNDERTAKINGS
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/14/2006
Sanctions Ordered:	Censure Monetary/Fine \$2,500,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	UNDERTAKINGS: WITHIN 60 DAYS OF AWC ACCEPTANCE, THE FIRM SHALL HIRE A CONSULTANT WHO WILL CONDUCT A COMPREHENSIVE REVIEW OF THE FIRM'S SEMINAR PRESENTATIONS, ADVERTISING, AND SYSTEMS AND PROCEDURES RELATING TO RETIREMENT PLANNING AND INVESTMENT RECOMMENDATIONS FOR RETIREES. AT THE CONCLUSION OF THE REVIEW, NO MORE THAN 120 DAYS AFTER THE DATE OF APPROVAL OF THE INDEPENDENT CONSULTANT, REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD STAFF A WRITTEN REPORT. WITHIN 30 DAYS AFTER DELIVERY OF THE WRITTEN REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATIONS IN UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE THE ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$2,500,000, AND ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE AMOUNT OF \$11,636,100.27 PLUS INTEREST OF \$2,189,101.14. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION AMOUNT SHALL BE PROVIDED TO THE NASD STAFF NO LATER THAN TEN BUSINESS DAYS AFTER ACCEPTANCE OF THIS AWC. IF FOR ANY REASON THE FIRM CANNOT LOCATE CUSTOMERS AFTER REASONABLE AND DOCUMENTED EFFORTS WITH SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY THE STAFF, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

Disclosure 39 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	IN A LETTER OF ACCEPTANCE, WAIVER AND CONSENT SAI STIPULATED THAT IS FAILED TO COMPLY WITH THE BRANCH AND REPRESENTATIVE



REGISTRATION PROVISIONS OF NAC 90.3945, NAC 90.355, AND NRS 90.310.

Initiated By: STATE OF NEVADA SECRETARY OF STATE

Date Initiated: 12/13/2005

Docket/Case Number: 105-231-DB

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/13/2005

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: SAI PAID \$10,000.00 ON 12/09/2005.

Firm Statement PER CRD DISCLOSURE REVIEW ITEM 11 IS BEING UPDATED TO REFLECT THAT ANSWER CHOICE D2 HAS BEEN ELECTED INSTEAD OF ITEM D4.

Disclosure 40 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: OPERATING TWO BRANCH OFFICES WITHOUT THE BENEFIT OF REGISTRATION IN FLORIDA.

Initiated By: FLORIDA

Date Initiated: 08/11/2005

Docket/Case Number: 0219-S-7/05

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist



Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 08/11/2005

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$20,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: NA

Sanction Details: NA

Regulator Statement OPERATING TWO BRANCH OFFICES WITHOUT THE BENEFIT OF REGISTRATION IN FLORIDA.

Reporting Source: Firm

Current Status: Final

Allegations: APPLICANT OPERATED TWO BRANCH LOCATIONS IN FLORIDA WITHOUT THE BENEFIT OF REGISTRATION, AS REQUIRED BY CHAPTER 517, FLORIDA STATUTES.

Initiated By: STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 08/11/2005

Docket/Case Number: 0219-S-7/05

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CEASE AND DESIST

Resolution: Stipulation and Consent

Resolution Date: 08/11/2005



Sanctions Ordered: Monetary/Fine \$20,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: APPLICANT AGREED TO CEASE AND DESIST FROM ANY AND ALL VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES.

Disclosure 41 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULES 2830(K) AND 2110; SECURITIES AMERICA INC., MAINTAINED A REVENUE SHARING (SHELF SPACE) PROGRAM IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE AND HIGHLIGHTED TREATMENT ON FIRM'S RECOMMENDED LIST AND ITS WEBSITE, IN CONFERENCES, AND IN TRAINING EVENTS. PARTICIPATED FUND COMPLEXES PAID THEIR FEES, IN PART, BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM. BY RECEIVING BROKERAGE COMMISSIONS TO PAY FOR THE FUND COMPLEXES' PARTICIPATION IN THE PROGRAM, THE FIRM VIOLATED NASD CONDUCT RULES.

Initiated By: NASD

Date Initiated: 06/08/2005

Docket/Case Number: [CE4050008](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/08/2005



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$2,400,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SECURITIES AMERICA, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$2,400,000.00

Reporting Source:

Firm

Current Status:

Final

Allegations:

NASD CONDUCT RULES 2830(K) AND 2110; SECURITIES AMERICA INC., MAINTAINED A REVENUE SHARING (SHELF SPACE) PROGRAM IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE AND HIGHLIGHTED TREATMENT ON FIRM'S RECOMMENDED LIST AND ITS WEBSITE, IN CONFERENCES, AND IN TRAINING EVENTS. PARTICIPATING FUND COMPLEXES PAID THEIR FEES, IN PART, BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM. BY RECEIVING BROKERAGE COMMISSIONS TO PAY FOR THE FUND COMPLEXES' PARTICIPATION IN THE PROGRAM, THE FIRM VIOLATED NASD CONDUCT RULES.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated:

06/08/2005

Docket/Case Number:

[CE4050008](#)

Principal Product Type:

Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution:

Acceptance, Waiver & Consent(AWC)



Resolution Date: 06/08/2005

Sanctions Ordered: Censure
Monetary/Fine \$2,400,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SECURITIES AMERICA, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$2,400,000.00

Disclosure 42 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: FAILURE TO SUPERVISE BOUTROUS MANSOUR WHO VIOLATED FIRM POLICIES REGARDING HIS SALE OF NON-EXISTENT ARBITRAGE AND HEDGE INVESTMENTS.

Initiated By: STATE OF CONNECTICUT DEPT. OF BANKING

Date Initiated: 10/30/2000

Docket/Case Number: CO-00-6055-S

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): ALLEGEDLY BOGUS ARBITRAGE AND HEDGE INVESTMENT OPPORTUNITIES OFFERED AND SOLD BY EX-AGENT BOUTROS MANSOUR (CRD 2426615). THIS IS A FAILURE TO SUPERVISE MATTER.

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 10/30/2000

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

1. \$5,000 COSTS OF INVESTIGATION
2. \$2,500 TO BE ALLOCATED TO DIVISION ENFORCEMENT AND INVESTOR EDUCATION PROGRAMS.
3. FIRM REQUIRED TO CONDUCT EXAMINATIONS OF ALL



CONNECTICUT BRANCH OFFICES BY 6/30/2001.
 4. FIRM, WITH THE ASSISTANCE OF COUNSEL TO SUBMIT A WRITTEN REPORT TO THE DEPARTMENT OUTLINING MODIFICATIONS TO SUPERVISORY PROCEDURES AND A TIMETABLE FOR IMPLEMENTING THOSE MODIFICATIONS.

Sanction Details: SEE ABOVE. CONSENT ORDER ENTERED 10/30/2000.

Regulator Statement SEE ABOVE.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED FAILURE TO SUPERVISE AND ALLEGED FAILURE TO TIMELY NOTIFY THE DEPARTMENT OF THE RECEIPT OF A CUSTOMER COMPLAINT.

Initiated By: STATE OF CONNECTICUT DEPARTMENT OF BANKING

Date Initiated: 09/26/2000

Docket/Case Number: CO-00-6055-S

Principal Product Type: Other

Other Product Type(s): UNREGISTERED PROMISSORY NOTES

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 10/30/2000

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered: THE REIMBURSEMENT OF \$5,000.00 TO COVER THE DIVISIONS INVESTIGATION COSTS AND \$2500.00 ALLOCATION TO THE DIVISION'S ENFORCEMENTS ACTIVITIES AND INVESTOR EDUCATION PROGRAMS. THE REQUIREMENT TO CONDUCT EXAMINATIONS OF ALL CONNECTICUT BRANCH OFFICES BY JUNE 30, 2001 AND WITHIN 6 MONTHS OF THE DATE OF THE ORDER THE SUBMISSION OF A WRITTEN REPORT TO THE DIVISION DIRECTOR OUTLINING THE ACTUAL AND ANTICIPATED CHANGES TO SAI'S SUPERVISORY SYSTEM.

Sanction Details: SANCTIONS PAID WITH THE ACCEPTANCE OF THE ORDER 10/30/2000.


Disclosure 43 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	ALLEGING VIOLATIONS OF NASD RULES 2110 AND 3010
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	02/27/1998
Docket/Case Number:	C3B980004
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	09/11/1998
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	RESPONDENT MEMBER IS CENSURED AND FINED \$10,000
Regulator Statement	[TOP] COMPLAINT NO. C3B980004 FILED 2/27/98 BY DISTRICT NO. 3 AGAINST RESPONDENTS SECURITIES AMERICA, INC, ET AL, ALLEGING VIOLATIONS OF NASD RULES 2110 AND 3010 IN THAT RESPONDENT HARVILLA FAILED TO TAKE TIMELY OR ADEQUATE SUPERVISORY ACTION, UNDER THE ATTENDANT CIRCUMSTANCES KNOWN TO HIM, THAT WERE REASONABLY DESIGNED TO ENSURE EITHER THAT REGISTERED PERSONS UNDER HIS SUPERVISION AND CONTROL COMPLIED WITH THE REQUIREMENTS OF NASD CONDUCT RULE 3040, OR TO ENSURE THAT THE REGISTERED PERSONS CEASED TO BE CONNECTED WITH THE UNSUPERVISED SALES OF UNAPPROVED PROMISSORY NOTES AWAY FROM THE MEMBER FIRM; AND, RESPONDENT MEMBER FAILED TO ESTABLISH ADEQUATE WRITTEN PROCEDURES OR UNWRITTEN PROCEDURES TO ENSURE THE REASONABLE SUPERVISION OF RESPONDENT HARVILLA TO ENSURE THAT HE WAS REASONABLY PERFORMING HIS SUPERVISORY DUTIES OVER THE ACTIVITIES OF REGISTERED PERSONS IN REGARD TO THEIR COMPLIANCE WITH THE APPLICABLE NASD RULES, AND OF THE REGISTERED PERSONS TO



ENSURE THEIR COMPLIANCE WITH THE PROVISIONS OF NASD CONDUCT RULES 2110 AND 3040.

ON 9/11/98, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER, HARVILLA, AND ZIELINSKI WAS ISSUED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$10,000, RESPONDENT ZIELINSKI IS CENSURED AND FINED \$10,000, AND RESPONDENT HARVILLA IS CENSURED, FINED \$5,000, AND REQUIRED TO REQUALIFY AS A GENERAL PRINCIPAL (SERIES 24) WITHIN 90 DAYS OF THE DATE OF THE DECISION RESOLVING THIS MATTER. SHOULD HE FAIL TO SO REQUALIFY, HE WILL BE PRECLUDED FROM ACTING IN ANY CAPACITY REQUIRING A SERIES 24 LICENSE UNTIL SUCH TIME AS HE SUCCESSFULLY PASSES THE EXAMINATION. - **\$10,000 PAID ON 10/9/98, INVOICE #98-3B-753**

Reporting Source: Firm

Current Status: Final

Allegations: THE DISTRICT ALLEGED VIOLATIONS OF NASD MEMBER CONDUCT RULES 3040 AND 2210 IN FAILING TO ESTABLISH WRITTEN OR UNWRITTEN PROCEDURES DESIGNED TO INSURE THE REASONABLE SUPERVISION OF REPRESENTATIVES.

Initiated By: NASD DISTRICT 3

Date Initiated: 02/27/1998

Docket/Case Number: C3B980004

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/11/1998

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: \$10,000.00 FINE PAID 10/09/1998



Disclosure 44 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	UNREGISTERED ACTIVITY, FAILURE TO ENFORCE SUPERVISORY PROCEDURES
Initiated By:	FLORIDA DIVISION OF SECURITIES
Date Initiated:	12/27/1999
Docket/Case Number:	2850-S-8/99
URL for Regulatory Action:	
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Stipulation and Consent
Resolution Date:	12/27/1999
Sanctions Ordered:	Monetary/Fine \$20,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	FOR A PERIOD OF TWO YEARS, THE FIRM SHALL MAINTAIN A RATIO OF ONE PRINCIPAL FOR EACH BRANCH OFFICE IN FLORIDA. RESPONDENT AGREES NOT EXCEED 52 BRANCH OFFICES IN THE STATE OF FLORIDA.
Sanction Details:	THE FIRM ALSO AGREES NOT TO HIRE ANY BROKERS THAT HAVE A "YES" ANSWER TO QUESTIONS INVOLVING INVESTMENT OR SECURITIES RELATED ACTIVITIES.
Regulator Statement	NA

Reporting Source:	Firm
Current Status:	Final
Allegations:	OPERATING AN UNREGISTERED BRANCH OFFICE, FAILURE TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY PROCEDURES.



Initiated By: STATE OF FLORIDA
Date Initiated: 12/27/1999
Docket/Case Number: 2850-S-8/99
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: STIPULATION
Resolution: Stipulation and Consent
Resolution Date: 12/27/1999
Sanctions Ordered: Monetary/Fine \$20,000.00
Other Sanctions Ordered: STIPULATION
Sanction Details: THE FIRM AGREED TO 1) FOR A PERIOD OF TWO YEARS TO DESIGNATE ONE PRINCIPAL DOMICILED IN FLORIDA FOR EVERY FLORIDA BRANCH OFFICE, 2) FOR A PERIOD OF ONE YEAR TO LIMIT THE NUMBER OF BRANCH OFFICES IN FLORIDA TO THE CURRENT NUMBER OF 52, 3) TO REQUIRE THAT ALL ASSOCIATED PERSONS SHALL BE LOCATED IN REGISTERED BRANCH OFFICES AND 4) FOR A PERIOD OF ONE YEAR NOT TO REGISTER ANY NEW REPRESENTAITVES IN FLORIDA THAT HAVE REPORTED A SECURITIES RELATED U-4 "YES" ANSWER.

Disclosure 45 of 55

Reporting Source: Firm
Current Status: Final
Allegations: FAILURE TO DETECT SALES BY AN UNREGISTERED SALES PERSON.
Initiated By: HAWAII
Date Initiated: 08/01/1992
Docket/Case Number: SEU-92-011
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought:	CIVIL AND ADMINISTRATIVE
Resolution:	Consent
Resolution Date:	05/01/1994
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	SECURITIES AMERICA PAID A \$5000.00 FINE AND AGREED TO AN UNDERTAKING TO PREVENT FUTURE VIOLATIONS.

Disclosure 46 of 55

Reporting Source:	Firm
Current Status:	Final
Allegations:	CONDUCTING INSURANCE RELATED BUSINESS WITHOUT BEING PROPERLY APPOINTED IN VIOLATION OF THE PENNSYLVANIA INSURANCE DEPARTMENT ACT.
Initiated By:	COMMONWEALTH OF PENNSYLVANIA
Date Initiated:	07/16/1999
Docket/Case Number:	C 099-05-006
Principal Product Type:	Insurance
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CIVIL AND ADMINISTRATIVE
Resolution:	Consent
Resolution Date:	07/16/1999
Sanctions Ordered:	Monetary/Fine \$7,500.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	\$7500.00 FINE PAID 7/99.

Disclosure 47 of 55



Reporting Source: Regulator
Current Status: Final
Allegations: NOT PROVIDED
Initiated By: FLORIDA DIVISION OF SECURITIES
Date Initiated: 05/12/1995
Docket/Case Number: 1970-S-12/93
URL for Regulatory Action:
Principal Product Type: Other
Other Product Type(s): UNKNOWN CRD DATA CONVERSION
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Stipulation and Consent
Resolution Date: 03/08/1996
Sanctions Ordered: Monetary/Fine
 Cease and Desist/Injunction
Other Sanctions Ordered:
Sanction Details: *ON MARCH 8, 1996, THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ENTERED INTO A STIPULATION AND CONSENT AGREEMENT AND FINAL ORDER WITH RESPONDENT SECURITIES AMERICA, INC. THE FINAL ORDER INCORPORATES THE STIPULATION AND CONSENT AGREEMENT IN WHICH THE RESPONDENT AGREES TO: CEASE AND DESIST FROM ANY AND ALL FUTURE VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES PROMULGATED THEREUNDER; PAY AN ADMINISTRATIVE FINE OF \$5,000; AND AGREES TO DESIGNATE PRINCIPALS FOR ALL BRANCH OFFICES REGISTERED IN FLORIDA AND TO FILE A COPY OF THE REPORT FROM THE MOST RECENT COMPLIANCE INSPECTION OF ALL OSJ AND NON-OSJ BRANCH OFFICES IN FLORIDA. THE RESPONDENT AGREES TO FINDINGS THAT THEY VIOLATED FLORIDA LAW BY OPERATING AN UNREGISTERED BRANCH OFFICE; FAILED TO MAINTAIN REQUIRED BOOKS AND RECORDS AT BRANCH OFFICES; AND FAILED TO PROVIDE REQUIRED DISCLOSURE FORMS TO CLIENTS.

Regulator Statement CONTACT: WILLIAM F. REILLY (904) 488-9805



Reporting Source: Firm

Current Status: Final

Allegations: OPERATION OF AN UNREGISTERED BRANCH OFFICE AND VIOLATIONS OF CHAPTER 517 OF THE FLORIDA ADMINISTRATIVE CODE.

Initiated By: THE STATE OF FLORIDA

Date Initiated: 05/12/1995

Docket/Case Number: 1970-S-12/93

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Stipulation and Consent

Resolution Date: 03/08/1996

Sanctions Ordered: Monetary/Fine \$5,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: A STIPULATION TO DESIGNATE A PRINCIPAL FOR ALL FLORIDA BRANCH OFFICES AND TO PROVIDE THE STATE OF FLORIDA WITH A COPY OF THE MOST RECENT OSJ AND NON-OSJ BRANCH AUDIT REPORTS.

Sanction Details: SECURITIES AMERICA PAID A \$5000.00 FINE AND WAS ORDERED TO DISGORGE APPROXIMATELY \$12,000.00 IN COMMISSIONS.

Disclosure 48 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO ESTABLISH ADEQUATE WRITTEN SUPERVISORY PROCEDURES TO DETECT AND PREVENT THE SORT OF UNSUITABLE TRADING ACTIVITY CONDUCT BY AN INDIVIDUAL IN THE ACCOUNTS OF PUBLIC CUSTOMERS, AND FAILED TO ADEQUATELY SUPERVISE THE INDIVIDUAL IN THAT THE ACTIONS TAKEN BY RESPONDENT MEMBER WERE INSUFFICIENT TO DETECT OR



PREVENT THE
INDIVIDUAL'S UNSUITABLE TRADING ACTIVITY.

Initiated By: NASD

Date Initiated: 04/28/1999

Docket/Case Number: C07990026

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CENSURED, FINED \$50,000, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM FOR ONE YEAR TO REVIEW THE FIRM'S COMPLIANCE AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW AND APPROVAL OF NEW ACCOUNTS AND DAILY TRADING ACTIVITY EFFECTED IN THE FIRM.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/28/1999

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: CENSURED, FINED \$50,000, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM FOR ONE YEAR TO REVIEW THE FIRM'S COMPLIANCE AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW AND APPROVAL OF NEW ACCOUNTS AND DAILY TRADING ACTIVITY EFFECTED IN THE FIRM.

Reporting Source: Firm

Current Status: Final

Allegations: THE DISTRICT ALLEGED VIOLATIONS OF CONDUCT RULES 2210 AND 3010 BY FAILING TO ESTABLISH MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES FOR THE PERIOD OF TIME 12/95-9/96. THE



DISTRICT ALSO ALLEGED THAT THE FIRM FAILED TO ADEQUATELY SUPERVISE THE TRADING ACTIVITY OF A REPRESENTATIVE DURING THAT TIME PERIOD.

Initiated By: NASD DISTRICT 7

Date Initiated: 03/29/1999

Docket/Case Number: C077990026-AWC

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/21/1999

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered: SECURITIES AMERICA ALSO AGREED TO RETAIN THE SERVICES OF AN INDEPENDENT CONSULTING FIRM TO REVIEW THE FIRM'S COMPLIANCE AND SUPERVISORY PROCEDURES

Sanction Details: \$50,000.00 FINE PAID 5/99.

Disclosure 49 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: LACK OF SUPERVISION

Initiated By: COLORADO DIVISION OF SECURITIES

Date Initiated: 02/23/1998

Docket/Case Number: XY 97-02

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 02/23/1998

Sanctions Ordered: Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: STIPULATION THAT SECURITIES AMERICA, INC. WOULD ESTABLISH AND MAINTAIN SPECIAL COMPLIANCE AND SUPERVISORY PROCEDURES FOR COLORADO EMPLOYEES. HIRE A COMPLIANCE PRINCIPAL FOR COLORADO. SECURITIES AMERICA, INC. MUST PAY RESTITUTION OF \$500,000 TO VICTIMS.

Regulator Statement CONTACT: L. WILLIAMS 303-894-2320

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATIONS OF THE COLORADO SECURITIES ACT, FAILURE TO SUPERVISE, MAKING UNTRUE STATEMENTS OF A MATERIAL FACT, ENGAGING IN A COURSE OF BUSINESS WHICH OPERATED A FRAUD ON INVESTORS, ALLEGED DAMAGES \$950,000.00

Initiated By: STATE OF COLORADO

Date Initiated: 06/05/1997

Docket/Case Number: XY97-02

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CIVIL AND ADMINSTRATIVE

Resolution: Settled

Resolution Date: 07/23/2001



Sanctions Ordered:	Disgorgement/Restitution
Other Sanctions Ordered:	THE SETTLEMENT WITH THE STATE OF COLORADO DID NOT CONTAIN ANY FINDING OF RULE VIOLATIONS HOWEVER, SECURITIES AMERICA WAS REQUIRED TO HIRE AND TRAIN A REGISTERED PRINCIPAL RESIDING IN COLORADO THAT WOULD BE RESPONSIBLE FOR THE SUPERVISION OF ALL COLORADO OFFICES. SAI ALSO WAS REQUIRED TO PAY RESTITUTION IN THE AMOUNT OF \$634,463.00.
Sanction Details:	FINAL RESTITUTION PAYMENT MADE 7/23/2001.
Firm Statement	THE SETTLEMENT WITH THE STATE DID NOT CONTAIN A FINDING OF RULE VIOLATIONS HOWEVER IT DID CONTAIN A RESTRICTION REQUIRING SECURITIES AMERICA TO ESTABLISH AND MAINTAIN A SUPERVISORY BRANCH OFFICE IN COLORADO THAT WOULD BE RESPONSIBLE FOR THE DAY TO DAY SUPERVISION OF ALL REPRESENTATIVES IN COLORADO.

Disclosure 50 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLATIONS;NASD RULES 2110 AND 3010
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/01/1998
Docket/Case Number:	C3B980023
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/01/1998
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT ("IC") NOT UNACCEPTABLE TO NASDR AND PAY ALL REASONABLE FEES AND EXPENSES OF THE IC; 2) THE IC SHALL COMPLETE A REVIEW AND NEEDS ASSESSMENT OF THE FIRM'S CURRENT SUPERVISORY SYSTEM. THIS



SHOULD INCLUDE A COMPARISON BETWEEN THE PRESENT SYSTEM AND THE SYSTEM IN EXISTENCE DURING THE TIME FRAME OF THE UNDERLYING VIOLATIONS. THE ASSESSMENT SHOULD INCLUDE, BUT NOT BE LIMITED TO, THE ADEQUACY OF THE FIRM'S PRESENT WRITTEN SUPERVISORY PROCEDURES ("WSP") AND THE WSP'S CAPABILITIES TO ADDRESS THE SUPERVISORY ISSUES UNDERLYING SUPERVISION OF REGISTERED PERSONS IN BRANCH OFFICES SOME OF WHICH ARE: A) THE SUPERVISORY HIERARCHY AND THE RESPONSIBILITY ASSIGNED TO EACH POSITION; B) THE REVIEW OF THE WSP'S SHALL SPECIFICALLY ADDRESS THE ADEQUACY OF PROCEDURES FOR PERIODIC ACCOUNT REVIEW, BRANCH OFFICE INSPECTIONS AND ANNUAL BUSINESS LINE REVIEWS AND THE SPECIFIC INDIVIDUALS RESPONSIBLE FOR SUCH REVIEWS; AND C) THE IC SHALL REVIEW THE QUALIFICATIONS, EXPERIENCE AND TRAINING OF THE PERSONNEL RESPONSIBLE FOR SUPERVISION (INCLUDING BRANCH MANAGERS) AND SHALL INCLUDE IN HIS/HER REPORT A DETERMINATION AS TO WHETHER THE RESOURCES, RESPONSIBILITIES AND AUTHORITY ALLOCATED TO THE INDIVIDUALS IN THE SUPERVISORY SYSTEM ARE REASONABLE.

Sanction Details:

05-07-99, \$10,000 PAID ON 1/6/99, INVOICE #98-3B-968

Regulator Statement

[TOP] ON 12/01/1998, DISTRICT NO. 3 NOTIFIED SECURITIES AMERICA, INC. (THE FIRM) THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C3B980023 WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000, AND REQUIRED TO MAKE VARIOUS UNDERTAKINGS INCLUDING: 1) THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT ("IC") NOT UNACCEPTABLE TO NASDR AND PAY ALL REASONABLE FEES AND EXPENSES OF THE IC; 2) THE IC SHALL COMPLETE A REVIEW AND NEEDS ASSESSMENT OF THE FIRM'S CURRENT SUPERVISORY SYSTEM. THIS SHOULD INCLUDE A COMPARISON BETWEEN THE PRESENT SYSTEM AND THE SYSTEM IN EXISTENCE DURING THE TIME FRAME OF THE UNDERLYING VIOLATIONS. THE ASSESSMENT SHOULD INCLUDE, BUT NOT BE LIMITED TO, THE ADEQUACY OF THE FIRM'S PRESENT WRITTEN SUPERVISORY PROCEDURES ("WSP") AND THE WSP'S CAPABILITIES TO ADDRESS THE SUPERVISORY ISSUES UNDERLYING SUPERVISION OF REGISTERED PERSONS IN BRANCH OFFICES SOME OF WHICH ARE: A) THE SUPERVISORY HIERARCHY AND THE RESPONSIBILITY ASSIGNED TO EACH POSITION; B) THE REVIEW OF THE WSP'S SHALL SPECIFICALLY ADDRESS THE ADEQUACY OF PROCEDURES FOR PERIODIC ACCOUNT REVIEW, BRANCH OFFICE INSPECTIONS AND ANNUAL BUSINESS LINE REVIEWS AND THE SPECIFIC INDIVIDUALS RESPONSIBLE FOR SUCH REVIEWS; AND C) THE IC SHALL REVIEW THE QUALIFICATIONS, EXPERIENCE AND TRAINING OF THE PERSONNEL RESPONSIBLE FOR SUPERVISION (INCLUDING BRANCH MANAGERS) AND SHALL INCLUDE IN HIS/HER REPORT A DETERMINATION AS TO WHETHER THE RESOURCES, RESPONSIBILITIES AND AUTHORITY ALLOCATED TO THE INDIVIDUALS IN



THE SUPERVISORY SYSTEM ARE REASONABLE. - (NASD RULES 2110 AND 3010 - THE FIRM FAILED TO SUPERVISE THE ACTIVITIES OF MICHAEL ENKING AND TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE MICHAEL ENKING REFRAINED FROM ENGAGING IN UNSUITABLE RECOMMENDATIONS OF DISCRETIONARY PURCHASES AND SALES IN THE SECURITIES ACCOUNT OF A PUBLIC CUSTOMER). 05-07-99, \$10,000 PAID ON 1/6/99, INVOICE #98-3B-968

Reporting Source: Firm

Current Status: Final

Allegations: THE DISTRICT ALLEGED VIOLATION OF MEMBER CONDUCT RULES 3040 AND 2210 IN FAILING TO ESTABLISH WRITTEN PROCEDURES DESIGNED TO INSURE THE REASONABLE SUPERVISION OF REPRESENTATIVES.

Initiated By: NASD DISTRICT 3

Date Initiated: 12/01/1998

Docket/Case Number: C3B980023

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/01/1998

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered: SECURITIES AMERICA AGREED TO RETAIN THE SERVICES OF AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: \$10,000.00 FINE PAID 12/98.

Disclosure 51 of 55

Reporting Source: Regulator



Current Status: Final

Allegations: ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 27, 35(B)(1), 35(D)(1)(A), (B),(C) AND 36(B)(1) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT TUMMINO DISTRIBUTED TO CUSTOMERS AND TO THE PUBLIC A SALES BROCHURE THAT FAILED TO DISCLOSE MATERIAL FACTS, MADE EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS OR CLAIMS, AND MADE PROMISES OF SPECIFIC RESULTS AND FORECASTS OF FUTURE EVENTS; DISTRIBUTED THE AFOREMENTIONED MATERIAL WHEN IT WAS NOT APPROVED BY A REGISTERED PRINCIPAL OF HIS MEMBER FIRM AND RESPONDENT ZIELINSKI PERMITTED RESPONDENT TUMMINO TO DISTRIBUTE THIS SALES LITERATURE WHICH HE HAD NOT REVIEWED AND FOR WHICH HE WAS NOT GIVEN WRITTEN APPROVAL; AND, RESPONDENTS MEMBER AND ZIELINSKI FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES OR OTHERWISE FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES OF THE FIRM TO ENSURE COMPLIANCE WITH APPLICABLE NASD RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/15/1992

Docket/Case Number: C3B920025

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/26/1993

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: DECISION RENDERED 5/6/93 WHEREIN RESPONDENTS MEMBER AND ZIELINSKI HAVE SUBMITTED OFFERS OF SETTLEMENT, THEREFORE, A SEPARATE DECISION WILL BE RENDERED AS TO THESE RESPONDENTS. IF NO FURTHER ACTION, DECISION IS FINAL 6/21/93. DECISION RENDERED 6/28/93, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY



RESPONDENTS MEMBER AND ZIELINSKI WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000 AND ZIELINSKI IS CENSURED AND FINED \$5,000. 4/8/94 - THE LATE APPEAL REQUEST TO THE NBCC WAS NEVER FOLLOWED UP BY THE RESPONDENT; THEREFORE, THE 5/6/93 DBCC DECISION CONSTITUTES FINAL ACTION EFFECTIVE 6/21/93.

Regulator Statement

[TOP] COMPLAINT NO. C3B920025 (DISTRICT NO. 3) FILED 7/15/92 AGAINST RESPONDENTS SECURITIES AMERICA, INC., THOMAS GERARD ZIELINSKI, AND CHARLES FELIX TUMMINO ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 27, 35(B)(1), 35(D)(1)(A),(B),(C) AND 36(B)(1) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT TUMMINO DISTRIBUTED TO CUSTOMERS AND TO THE PUBLIC A SALES BROCHURE THAT FAILED TO DISCLOSE MATERIAL FACTS, MADE EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS OR CLAIMS, AND MADE PROMISES OF SPECIFIC RESULTS AND FORECASTS OF FUTURE EVENTS; DISTRIBUTED THE AFOREMENTIONED MATERIAL WHEN IT WAS NOT APPROVED BY A REGISTERED PRINCIPAL OF HIS MEMBER FIRM AND RESPONDENT ZIELINSKI PERMITTED RESPONDENT TUMMINO TO DISTRIBUTE THIS SALES LITERATURE WHICH HE HAD NOT REVIEWED AND FOR WHICH HE WAS NOT GIVEN WRITTEN APPROVAL; AND, RESPONDENTS MEMBER AND ZIELINSKI FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES OR OTHERWISE FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES OF THE FIRM TO ENSURE COMPLIANCE WITH APPLICABLE NASD RULES. DECISION RENDERED 5/6/93 WHEREIN RESPONDENTS MEMBER AND ZIELINSKI HAVE SUBMITTED OFFERS OF SETTLEMENT, THEREFORE, A SEPARATE DECISION WILL BE RENDERED AS TO THESE RESPONDENTS. IF NO FURTHER ACTION, DECISION IS FINAL 6/21/93. DECISION RENDERED 6/28/93, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND ZIELINSKI WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000 AND ZIELINSKI IS CENSURED AND FINED \$5,000. 4/8/94 - THE LATE APPEAL REQUEST TO THE NBCC WAS NEVER FOLLOWED UP BY THE RESPONDENT; THEREFORE, THE 5/6/93 DBCC DECISION CONSTITUTES FINAL ACTION EFFECTIVE 6/21/93. ***\$10,000.00 PAID ON 7/13/92 INVOICE #93-3B-524***

Reporting Source: Firm

Current Status: Final

Allegations: THE NASD ALLEGED THAT SECURITIES AMERICA ALLOWED THE DISTRIBUTION OF SALES LITERATURE WITHOUT THE REVIEW AND APPROVAL OF A REGISTERED PRINCIPAL AND THAT THE FIRM FAILED TO ESTABLISH AND ENFORCE ADEQUATE WRITTEN SUPERVISORY



PROCEDURES.

Initiated By: NASD DISTRICT 3
Date Initiated: 07/15/1992
Docket/Case Number: C3B920025
Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE
Resolution: Consent
Resolution Date: 06/26/1993
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: \$10,000.00 FINE PAID 07/13/1993

Disclosure 52 of 55

Reporting Source: Regulator
Current Status: Final
Allegations: FAILED TO COMPLY WITH COMMISSION'S SECURITIES ACT RULE 300 A&B, AS FIRM FAILED TO NOTIFY COMMISSION THAT TWO AGENT'S HAD ENTERED INTO SETTLEMENT ORDER WITH THE STATE OF HAWAII.
Initiated By: VIRGINIA - STATE CORPORATION COMMISSION
 DIVISION OF SECURITIES
Date Initiated: 02/01/1994
Docket/Case Number: SEC940009
URL for Regulatory Action:
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 02/01/1994

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING ALLEGATIONS FIRM AGREED TO ORDER OF SETTLEMENT AND TO PAY MONETARY PENALTY OF \$1,000.

Regulator Statement CONTACT AL HUGHES, BROKER-DEALER EXAMINER, 804-371-9885.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED FAILURE TO INFORM THE STATE OF A FINAL ORDER ENTERED AGAINST AN AGENT WITHIN 30 DAYS.

Initiated By: VIRGINIA

Date Initiated: 12/01/1994

Docket/Case Number: SEC 94009

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Consent

Resolution Date: 02/01/1994

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: SECURITIES AMERICA PAID A \$1000.00 FINE AND REPAID \$200.00 IN COSTS.

Firm Statement DURING A ROUTINE BRANCH OFFICE EXAMINATION A STATE AUDITOR



DISCOVERED THAT A REPRESENTATIVE AND THE BRANCH MANAGER HAD FAILED TO UPDATE THEIR RESPECTIVE U-4 FORMS TO REFLECT THEIR INDIVIDUAL SETTLEMENTS WITH THE STATE OF HAWAII.

Disclosure 53 of 55

Reporting Source: Regulator

Current Status: Final

Allegations: MISREPRESENTATIONS OF MATERIAL FACTS//CENSURE AND CIVIL PENALTY OF \$2,500 PAR

Initiated By: CORP AND SECURITIES--MICHIGAN

Date Initiated: 11/10/1992

Docket/Case Number: SO 0127

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 11/10/1992

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE

Regulator Statement SEE ABOVE CONTACT: PAULETTA ROSENAU 517-334-6209

Reporting Source: Firm

Current Status: Final

Allegations: THE STATE ALLEGED THAT SECURITIES AMERICA MADE UNTRUE STATEMENTS OF MATERIAL FACTS IN THE DISTRIBUTION OF SHENANDOAH NATURAL RESOURCES.



Initiated By: MICHIGAN
Date Initiated: 04/03/1991
Docket/Case Number: SO 0127
Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: ADMINISTRATIVE
Resolution: Consent
Resolution Date: 11/10/1992
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details: \$2500.00 FINE PAID 11/92

Disclosure 54 of 55

Reporting Source: Regulator
Current Status: Final
Allegations: SALE OF UNREGISTERED SECURITIES
Initiated By: DEPT. OF INSURANCE AND FINANCE; SECURITIES SECTION
Date Initiated: 11/20/1992
Docket/Case Number: O-92-0020
URL for Regulatory Action:
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent



Resolution Date: 11/20/1992

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: CONSENT ORDERES SIGNED BY BOTH RESPONDENTS

Regulator Statement SALE OF "AMERICAN PREMIUM FINANCE CASH FLOW FUND" PRIOR TO EFFECTIVE DATE OF REGISTRATION IN OREGON.

Reporting Source: Firm

Current Status: Final

Allegations: THE STATE ALLEGED THAT SECURITIES AMERICA, THROUGH A REPRESENTATIVE OFFERED PARTICIPATION INTERESTS IN A LIMITED PARTNERSHIP TO CLIENTS PRIOR TO THE PROGRAM'S EFFECTIVE DATE OF REGISTRATION IN OREGON.

Initiated By: OREGON

Date Initiated: 11/20/1992

Docket/Case Number: 0-92-0020

Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Consent

Resolution Date: 11/20/1992

Sanctions Ordered: Monetary/Fine \$2,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$2,000.00 AND ORDERED TO CEASE AND DESIST OFFERING SECURITIES FOR SALE IN VIOLATION OF OREGON LAW.

Firm Statement SECURITIES AMERICA DENIED THE ALLEGATIONS CLAIMING THAT THE REPRESENTATIVE RELIED UPON THE OFFERING DOCUMENT CLEARLY STATING THAT THE PROGRAM HAD BEEN CLEARED FOR SALE IN OREGON. THE SANCTIONS WERE ACCEPTED AS AN ECONOMIC DECISION.



Disclosure 55 of 55

Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLETIONS OF ARTICLE III, SECTIONS 1, 2, 18, 27 AND 40 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT GALE PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS WHILE FAILING TO NOTIFY HER MEMBER FIRM OF HER INTENTION TO ENGAGE IN SUCH ACTIVITIES AND/OR OBTAIN WRITTEN APPROVAL FROM HER MEMBER FIRM TO ENGAGE IN SUCH ACTIVITIES; INDUCED THE PURCHASE OF STOCK BY PUBLIC CUSTOMERS BY MEANS OF DECEPTIVE OR FRAUDULENT DEVICES OR CONTRIVANCES; AND, RECOMMENDED TO PUBLIC CUSTOMERS THE PURCHASE OF SECURITIES WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR THE CUSTOMERS; RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS PIERCE AND WILD, FAILED TO ESTABLISH, MAINTAIN, AND/OR ENFORCE WRITTEN SUPERVISORY PROCEDURES OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENTS MEREDITH AND GALE PROPERLY; AND RESPONDENT MEMBER, ACTING THROUGH RESPONDENT MEREDITH, FAILED TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES PROPERLY OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENT GALE PROPERLY.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/31/1992
Docket/Case Number:	C8A920099
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	11/03/1993
Sanctions Ordered:	Censure Monetary/Fine \$5,000.00
Other Sanctions Ordered:	

**Sanction Details:**

RESPONDENTS MEMBER AND PIERCE ARE EACH CENSURED AND FINED 5,000. THE COMPLAINT WAS DISMISSED AS TO RESPONDENT WILD IN THAT THE COMMITTEE DETERMINED THAT HE WAS NOT DIRECTLY RESPONSIBLE FOR SUPERVISING RESPONDENTS MEREDITH OR GALE, OR THE BOOKS AND RECORDS OF RESPONDENT MEMBER. A SEPARATE DECISION WILL BE ISSUED WITH RESPECT TO RESPONDENTS GAIL AND MEREDITH.

Regulator Statement

[TOP] COMPLAINT NO. C8A920099 (DISTRICT NO. 8) FILED 12/31/92 AGAINST SECURITIES AMERICA, INC., ET.AL.,ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 2, 18, 27 AND 40 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT GALE PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS WHILE FAILING TO NOTIFY HER MEMBER FIRM OF HER INTENTION TO ENGAGE IN SUCH ACTIVITIES AND/OR OBTAIN WRITTEN APPROVAL FROM HER MEMBER FIRM TO ENGAGE IN SUCH ACTIVITIES; INDUCED THE PURCHASE OF STOCK BY PUBLIC CUSTOMERS BY MEANS OF DECEPTIVE OR FRAUDULENT DEVICES OR CONTRIVANCES; AND, RECOMMENDED TO PUBLIC CUSTOMERS THE PURCHASE OF SECURITIES WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR THE CUSTOMERS; RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS PIERCE AND WILD, FAILED TO ESTABLISH, MAINTAIN, AND/OR ENFORCE WRITTEN SUPERVISORY PROCEDURES OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENTS MEREDITH AND GALE PROPERLY; AND RESPONDENT MEMBER, ACTING THROUGH RESPONDENT MEREDITH, FAILED TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES PROPERLY OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENT GALE PROPERLY. ON 11/3/93, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER, PIERCE, AND WILD WAS ISSUED, THEREFORE, RESPONDENTS MEMBER AND PIERCE ARE EACH CENSURED AND FINED 5,000. THE COMPLAINT WAS DISMISSED AS TO RESPONDENT WILD IN THAT THE COMMITTEE DETERMINED THAT HE WAS NOT DIRECTLY RESPONSIBLE FOR SUPERVISING RESPONDENTS MEREDITH OR GALE, OR THE BOOKS AND RECORDS OF RESPONDENT MEMBER. A SEPARATE DECISION WILL BE ISSUED WITH RESPECT TO RESPONDENTS GAIL AND MEREDITH.
\$5,000.00 PAID ON 11/30/93 INVOICE #93-8A-874

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE DISTRICT ALLEGED VIOLATIONS OF ARTICLES 1 AND 27 OF THE NASD



RULES OF FAIR PRACTICE FOR THE FAILURE TO SUPERVISE TWO REPRESENTATIVES IN THE OFFERING OF A DIRECT PARTICIPATION PROGRAM.

Initiated By: NASD DISTRICT 8
Date Initiated: 12/31/1992
Docket/Case Number: C8A920099
Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE
Resolution: Consent
Resolution Date: 11/03/1993
Sanctions Ordered: Censure
Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: \$5000.00 FINE PAID 11/30/1993

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	07/27/2001
Case Number:	01-03751
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$200,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/28/2002
Sum of All Relief Awarded:	\$54,097.64

There may be a non-monetary award associated with this arbitration. Please select the Case Number above to view more detailed information.

Disclosure 2 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	10/19/2001
Case Number:	01-04223



Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$5,883,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 09/23/2003

Sum of All Relief Awarded: \$896,629.77

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 12/11/2001

Case Number: [01-06444](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$275,951.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/22/2003

Sum of All Relief Awarded: \$216,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



Arbitration Forum: NASD
Case Initiated: 12/20/2001
Case Number: [01-06638](#)
Disputed Product Type: ANNUITIES; CORPORATE BONDS; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$832,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/01/2002
Sum of All Relief Awarded: \$123,636.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 5 of 27

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
Arbitration Forum: NASD
Case Initiated: 01/28/2002
Case Number: [02-00158](#)
Disputed Product Type: ANNUITIES; COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$1,367,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/29/2003
Sum of All Relief Awarded: \$5,434,186.15

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 6 of 27

Reporting Source: Regulator



Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	02/07/2002
Case Number:	02-00636
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$4,149,243.14
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/16/2003
Sum of All Relief Awarded:	\$150,500.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 7 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	05/30/2002
Case Number:	02-01611
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS; MUTUAL FUNDS
Sum of All Relief Requested:	\$346,189.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/16/2003
Sum of All Relief Awarded:	\$262,500.00

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

Disclosure 8 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	04/24/2003
Case Number:	03-01646
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$1,620,814.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/15/2004
Sum of All Relief Awarded:	\$40,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 9 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	06/13/2003
Case Number:	03-03667
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	Unspecified Damages



Disposition: AWARD AGAINST PARTY

Disposition Date: 12/12/2005

Sum of All Relief Awarded: \$177,200.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 10 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 10/03/2003

Case Number: [03-05007](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$8,181,228.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 01/04/2005

Sum of All Relief Awarded: \$187,328.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 11 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 07/16/2003



Case Number: [03-05141](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$86,687.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/18/2004

Sum of All Relief Awarded: \$94,219.14

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 12 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY

Arbitration Forum: NASD

Case Initiated: 09/15/2003

Case Number: [03-05687](#)

Disputed Product Type: ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$22,273,823.81

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/15/2006

Sum of All Relief Awarded: \$15,590,025.53

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 13 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-



MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT;
ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: NASD

Case Initiated: 07/20/2004

Case Number: [04-05124](#)

Disputed Product Type: ANNUITIES; COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$500,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 01/06/2006

Sum of All Relief Awarded: \$193,659.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 14 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 01/28/2005

Case Number: [04-08770](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$3,500,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/21/2006

Sum of All Relief Awarded: \$9,324,439.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.



Disclosure 15 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	02/14/2005
Case Number:	05-00779
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	Unspecified Damages
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/22/2006
Sum of All Relief Awarded:	\$60,000.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 16 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	03/24/2005
Case Number:	05-01402
Disputed Product Type:	ANNUITIES; COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$475,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/09/2006
Sum of All Relief Awarded:	\$115,000.01



There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 17 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	11/02/2005
Case Number:	05-05540
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$201,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/10/2006
Sum of All Relief Awarded:	\$60,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 18 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	01/07/2010
Case Number:	10-00012
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$729,000.05



Disposition: AWARD AGAINST PARTY

Disposition Date: 12/31/2010

Sum of All Relief Awarded: \$1,155,466.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 19 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-OTHER-OTHER ; OTHER-UNDERWRITING

Arbitration Forum: FINRA

Case Initiated: 09/28/2010

Case Number: [10-03244](#)

Disputed Product Type:

Sum of All Relief Requested: \$550,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 07/16/2015

Sum of All Relief Awarded: \$552,693.02

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 20 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION

Arbitration Forum: FINRA

Case Initiated: 09/19/2012



Case Number: [12-02683](#)

Disputed Product Type: REAL ESTATE INVESTMENT TRUST

Sum of All Relief Requested: Unspecified Damages

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/11/2013

Sum of All Relief Awarded: \$573,316.29

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 21 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 12/27/2013

Case Number: [13-03696](#)

Disputed Product Type: REAL ESTATE INVESTMENT TRUST

Sum of All Relief Requested: \$30,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 08/20/2014

Sum of All Relief Awarded: \$11,496.44

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 22 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE



Arbitration Forum: FINRA
Case Initiated: 04/04/2014
Case Number: [14-01022](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$50,600.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/13/2015
Sum of All Relief Awarded: \$50,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 23 of 27

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 12/09/1991
Case Number: [91-03706](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
Sum of All Relief Requested: \$80,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/07/1993
Sum of All Relief Awarded: \$42,811.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 24 of 27

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	01/13/1995
Case Number:	95-00110
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$99,131.01
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/11/1996
Sum of All Relief Awarded:	\$25,131.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 25 of 27

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-OTHER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	08/31/1995
Case Number:	95-04170
Disputed Product Type:	ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$49,354.62
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/19/1996
Sum of All Relief Awarded:	\$8,500.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 26 of 27



Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: NASD

Case Initiated: 04/22/1999

Case Number: [98-04857](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$204,109.57

Disposition: AWARD AGAINST PARTY

Disposition Date: 01/18/2001

Sum of All Relief Awarded: \$40,000.03

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 27 of 27

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 07/09/1999

Case Number: [99-02516](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$267,046.31

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/30/2000

Sum of All Relief Awarded: \$149,703.50

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.



Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

Disclosure 1 of 5

Reporting Source:	Firm
Policy Holder:	SECURITIES AMERICA, INC.
Bonding Company Name:	NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA
Disposition:	Payout
Disposition Date:	10/14/2002
Payout Details:	NATIONAL UNION PAID OUT \$92,000.00 ON 10/14/2002
Firm Statement	THE RECEIPT OF A CUSTOMER COMPLAINT AND SUBSEQUENT INVESTIGATION REVEALED THAT A REPRESENTATIVE OF SECURITIES AMERICA CONVERTED CLIENT FUNDS FOR HIS OWN PERSONAL USE BY HAVING CLIENT FUNDS WIRED TO A BANK ACCOUNT UNDER HIS CONTROL.

Disclosure 2 of 5

Reporting Source:	Firm
Policy Holder:	SECURITIES AMERICA , INC.
Bonding Company Name:	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
Disposition:	Payout
Disposition Date:	01/14/2003
Payout Details:	NATIONAL UNION PAID OUT \$109,815.91 ON 1/14/2003.
Firm Statement	AN INTERNAL AUDIT OF SECURITIES AMERICA UNCOVERED AN EMPLOYEE'S SCHEME TO CONVERT CORPORATE ACCOUNTS PAYABLE CHECKS TO HER OWN PERSONAL USE RESULTING IN A LOSS OF \$159,815.91. THE MATTER WAS TURNED OVER TO THE LOCAL LAW ENFORCEMENT AUTHORITIES FOR PROSECUTION.

Disclosure 3 of 5

Reporting Source:	Firm
Policy Holder:	SECURITIES AMERICA, INC.
Bonding Company Name:	NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, PA



Disposition: Payout

Disposition Date: 05/22/2003

Payout Details: NATIONAL UNION PAID OUT \$195,000.00 ON 5/22/2003

Firm Statement THE RECEIPT OF A CUSTOMER COMPLAINT AND SUBSEQUENT INVESTIGATION UNCOVERED THAT A REPRESENTATIVE OF SECURITIES AMERICA HAD UNDERTAKEN A SCHEME TO CONVERT THE FUNDS OF THREE CLIENTS TO HIS OWN PERSONAL USE.

Disclosure 4 of 5

Reporting Source: Firm

Policy Holder: SECURITIES AMERICA, INC.

Bonding Company Name: NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA

Disposition: Payout

Disposition Date: 06/15/2000

Payout Details: AS A RESULT OF THE CLAIM \$196,572.84 WAS PAID OUT ON JUNE 15, 2000.

Firm Statement THIS ACTION AROSE OUT OF THE FRAUDULENT ACTIVITIES OF A FORMER SAI REPRESENTATIVE, WHO HAD ALLEGEDLY MISAPPROPRIATED FUNDS CONTRIBUTED BY HIS CLIENTS TO A LIMITED PARTNERSHIP ESTABLISHED AND OPERATED AS AN INVESTMENT CLUB.

Disclosure 5 of 5

Reporting Source: Firm

Policy Holder: SECURITIES AMERICA, INC.

Bonding Company Name: FIDELITY AND DEPOSIT COMPANY OF MARYLAND

Disposition: Payout

Disposition Date: 06/30/1993

Payout Details: APPROXIMATELY \$100,000.00 IN JUNE OF 1993

Firm Statement A REPRESENTATIVE CONVERTED CLIENT'S FUNDS FOR HIS PERSONAL USE.

End of Report



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