

**BrokerCheck Report**

**NEWBRIDGE SECURITIES CORPORATION**

CRD# 104065

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## 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.

**Thank you for using FINRA BrokerCheck.**



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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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)

**NEWBRIDGE SECURITIES CORPORATION**

CRD# 104065

SEC# 8-52538

**Main Office Location**

1200 NORTH FEDERAL HIGHWAY  
SUITE 400  
BOCA RATON, FL 33432  
Regulated by FINRA Florida Office

**Mailing Address**

1200 NORTH FEDERAL HIGHWAY  
SUITE 400  
BOCA RATON, FL 33432

**Business Telephone Number**

(954) 334-3450

**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 Virginia on 12/17/1997.

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
- 2 Self-Regulatory Organizations
- 52 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	29
Arbitration	4



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Virginia on 12/17/1997.

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.

### **NEWBRIDGE SECURITIES CORPORATION**

**Doing business as NEWBRIDGE SECURITIES CORPORATION**

**CRD#** 104065

**SEC#** 8-52538

### **Main Office Location**

1200 NORTH FEDERAL HIGHWAY  
SUITE 400  
BOCA RATON, FL 33432

**Regulated by FINRA Florida Office**

### **Mailing Address**

1200 NORTH FEDERAL HIGHWAY  
SUITE 400  
BOCA RATON, FL 33432

### **Business Telephone Number**

(954) 334-3450



## 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):** NEWBRIDGE FINANCIAL INC.

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

**Position** OWNER

**Position Start Date** 07/2000

**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):** ABRAMS, GENE ROBERT

1018250

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

**Position** CHIEF COMPLIANCE OFFICER/ GENERAL COUNSEL/COMPLIANCE OFFICER/MANAGING DIRECTOR OF INVESTMENT BANKING

**Position Start Date** 10/2016

**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):** BUDDIE, GIOVINA ANN

1997691

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

**Position** FINOP/COO/ TREASURER/PRINCIPAL OPERATIONS OFFICER

**Position Start Date** 02/2001

## 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):** CASOLARO, THOMAS JOSEPH  
1812805

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

**Position** CEO

**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

**Legal Name & CRD# (if any):** LEVIN, ALAN BRUCE  
3073530

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

**Position** DIRECTOR OF ACCOUNTING & FINANCE

**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):** SOKOLOW, LEONARD JAY

## Firm Profile



### Direct Owners and Executive Officers (continued)

	4315011
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHAIRMAN
<b>Position Start Date</b>	01/2015
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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**Legal Name & CRD# (if any):** WEEKS, ROBERT SCOTT  
2610371

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF FINANCIAL OFFICER / PRINCIPAL FINANCIAL OFFICER
<b>Position Start Date</b>	11/2019
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## Firm Profile

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

### Indirect Owners

**Legal Name & CRD# (if any):** AMICO, GUY STEVEN  
1723157

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

**Company through which indirect ownership is established** NEWBRIDGE FINANCIAL INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 10/2000

**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):** DUQUES, HENRY C  
4922249

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

**Company through which indirect ownership is established** NEWBRIDGE FINANCIAL, INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 08/2014

**Percentage of Ownership** Other General Partners

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

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** GOLDSTEIN, SCOTT HOWARD



## Firm Profile



### Indirect Owners (continued)

	1630008
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	NEWBRIDGE FINANCIAL INC.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	10/2000
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## **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, 2 SROs and 52 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/14/2000

### 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	07/14/2000
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	03/19/2001	North Dakota	Approved	08/07/2001
Alaska	Approved	06/28/2001	Ohio	Approved	09/26/2000
Arizona	Approved	10/23/2000	Oklahoma	Approved	01/12/2001
Arkansas	Approved	10/06/2000	Oregon	Approved	02/14/2001
California	Approved	09/19/2000	Pennsylvania	Approved	10/16/2000
Colorado	Approved	09/19/2000	Puerto Rico	Approved	04/27/2005
Connecticut	Approved	09/18/2000	Rhode Island	Approved	01/30/2001
Delaware	Approved	02/16/2001	South Carolina	Approved	03/12/2001
District of Columbia	Approved	02/02/2001	South Dakota	Approved	01/08/2001
Florida	Approved	08/21/2000	Tennessee	Approved	10/26/2000
Georgia	Approved	09/14/2000	Texas	Approved	10/31/2000
Hawaii	Approved	07/19/2001	Utah	Approved	01/04/2001
Idaho	Approved	01/05/2001	Vermont	Approved	08/09/2001
Illinois	Approved	11/28/2000	Virgin Islands	Approved	07/25/2008
Indiana	Approved	12/15/2000	Virginia	Approved	10/11/2000
Iowa	Approved	02/05/2001	Washington	Approved	01/05/2001
Kansas	Approved	04/02/2001	West Virginia	Approved	01/04/2001
Kentucky	Approved	09/19/2000	Wisconsin	Approved	11/09/2000
Louisiana	Approved	03/20/2001	Wyoming	Approved	04/10/2001
Maryland	Approved	09/14/2000			
Massachusetts	Approved	10/03/2000			
Michigan	Approved	01/05/2001			
Minnesota	Approved	10/17/2000			
Mississippi	Approved	05/08/2001			
Missouri	Approved	07/31/2002			
Montana	Approved	02/23/2001			
Nebraska	Approved	10/06/2000			
Nevada	Approved	09/29/2000			
New Hampshire	Approved	09/23/2003			
New Jersey	Approved	10/18/2000			
New Mexico	Approved	04/27/2001			
New York	Approved	11/01/2000			
North Carolina	Approved	10/20/2000			



## 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 making inter-dealer markets in corporation securities over-the-counter

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

Mutual fund retailer

U S. government securities broker

Municipal securities dealer

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

Non-exchange member arranging for transactions in listed securities by exchange member

Trading securities for own account

Private placements of securities

## 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:** AXOS CLEARING LLC

**CRD #:** 117176

**Business Address:** 9300 UNDERWOOD AVENUE  
SUITE 400  
OMAHA, NE 68114

**Effective Date:** 11/01/2007

**Description:** THE APPLICANT WILL OPERATE PURSUANT TO THE (K)(2)(II)EXEMPTIVE PROVISIONS OF SEC RULE 15C3-3 AND WILL NOT HOLD CUSTOMER FUNDS OR SECURITIES. WE INTRODUCE CLIENTS TO AXOS (FORMERLY COR) CLEARING LLC ON A FULLY DISCLOSED BASIS.

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## Firm Operations

### Industry Arrangements



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

**Name:** GLOBAL RELAY

**Business Address:** 220 CAMBIE STREET  
2ND FLOOR  
VANCOUVER, BC V6B 2M9

**Effective Date:** 01/28/2021

**Description:** NEWBRIDGE HAS CONTRACTED WITH GLOBAL RELAY FOR INDEPENDENT 3RD PARTY COMPLIANCE WITH SEC RULE 17A-4 TO MAINTAIN AND RETAIN EMAILS & SOCIAL MEDIA FOR THE FIRM. GLOBAL RELAY PRESERVES RECORDS IN A NON-WRITABLE, NON-ERASEABLE FORMAT.

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**Name:** AXOS CLEARING LLC

**CRD #:** 117176

**Business Address:** 9300 UNDERWOOD AVENUE  
SUITE 400  
OMAHA, NE 68114

**Effective Date:** 11/01/2007

**Description:** THE APPLICANT WILL OPERATE UNDER A FULLY DISCLOSED CLEARING AGREEMENT WITH AXOS (FORMERLY COR) CLEARING LLC.

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

**Name:** AXOS CLEARING LLC

**CRD #:** 117176

**Business Address:** 9300 UNDERWOOD AVENUE  
SUITE 400  
OMAHA, NE 68114

**Effective Date:** 11/01/2007

**Description:** THE APPLICANT WILL OPERATE UNDER A FULLY DISCLOSED CLEARING AGREEMENT WITH AXOS (FORMERLY COR) CLEARING LLC.

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

**Name:** AXOS CLEARING LLC

**CRD #:** 117176

**Business Address:** 9300 UNDERWOOD AVENUE

## Firm Operations



### Industry Arrangements (continued)

SUITE 400  
OMAHA, NE 68114

**Effective Date:** 11/01/2007

**Description:** THE APPLICANT WILL OPERATE UNDER A FULLY DISCLOSED CLEARING AGREEMENT WITH AXOS (FORMERLY COR) CLEARING LLC.

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### 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.

**NEWBRIDGE FINANCIAL SERVICES GROUP, INC. is under common control with the firm.**

<b>CRD #:</b>	130814
<b>Business Address:</b>	5200 TOWN CENTER CIRCLE TOWER 1, SUITE 306 BOCA RATON, FL 33486
<b>Effective Date:</b>	03/12/2004
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	CONTROLLED BY COMMON PARENT COMPANY

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**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.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	29	0
Arbitration	N/A	4	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 29

**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 VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND RULE 15C2-4 THEREUNDER BY DEPOSITING INVESTOR FUNDS INTO A LAW FIRM TRUST ACCOUNT FOR A PRIVATE OFFERING INSTEAD OF REQUIRING THAT AN INDEPENDENT BANK BE ESTABLISHED AS THE ESCROW AGENT. THE FINDINGS STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE SALE OF STRUCTURED PRODUCTS. THE FIRM'S SYSTEM FOR SUPERVISING THE SUITABILITY OF RECOMMENDATIONS OF STRUCTURED PRODUCTS CENTERED UPON PRODUCT PROFILES THAT ITS COMPLIANCE DEPARTMENT CREATED FOR EACH STRUCTURED PRODUCT SOLD BY THE FIRM. HOWEVER, THE FIRM FAILED TO ESTABLISH ANY SUPERVISORY SYSTEMS OR PROCEDURES TO REASONABLY ENSURE THAT ITS REVIEWING PRINCIPALS, WHO WERE TASKED WITH SUPERVISING STRUCTURED PRODUCT RECOMMENDATIONS, WERE REVIEWING FOR COMPLIANCE WITH THE PRODUCT PROFILES AND SEEKING APPROVAL, WHERE REQUIRED, FOR EXCEPTIONS TO THE PRODUCT PROFILES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE SALE OF LEVERAGED, INVERSE AND INVERSE-LEVERAGED EXCHANGE-TRADED FUNDS (NON-TRADITIONAL ETFs). THE FIRM'S SUPERVISORY SYSTEM AND WSPS PROHIBITED SOLICITED SALES OF NON-TRADITIONAL ETFs. HOWEVER, THE FIRM FAILED TO REASONABLY ENFORCE THIS PROHIBITION. THE FIRM ATTEMPTED TO ENFORCE THIS PROHIBITION BY INSTITUTING A SURVEILLANCE SYSTEM TO DETECT SOLICITED SALES OF NON-TRADITIONAL ETFs. HOWEVER, WHEN THE FIRM'S SOFTWARE VENDOR STOPPED UPDATING THE SURVEILLANCE SYSTEM, THE FIRM FAILED TO MANUALLY UPDATE THE SYSTEM WITH NEW NON-TRADITIONAL ETF SYMBOLS. AS A RESULT, THE FIRM FAILED TO DETECT PROHIBITED NON-TRADITIONAL ETF SALES. IN ADDITION, BECAUSE THE FIRM'S ONLY SYSTEM FOR SUPERVISING SOLICITED SALES OF NON-TRADITIONAL ETFs WAS TO PROHIBIT THEM, IT HAD NO SYSTEM OR PROCEDURES TO REVIEW SUCH SALES FOR SUITABILITY OR TO MONITOR THEIR HOLDING PERIODS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO HAVE A REASONABLE BASIS TO RECOMMEND THE SALE OF A PRIVATE PLACEMENT OFFERING BECAUSE IT FAILED TO CONDUCT REASONABLE DUE DILIGENCE ON THE OFFERING. IN ADDITION, THE FIRM AND ITS DIRECTOR OF INVESTMENT BANKING FAILED TO REASONABLY SUPERVISE THE OFFERING BECAUSE THEY ALLOWED THE FIRM TO RELY PRIMARILY ON DUE DILIGENCE CONDUCTED BY THE ISSUER OF THE OFFERING.

**Initiated By:** FINRA

**Date Initiated:** 09/26/2019

**Docket/Case Number:** [2016047569601](#)



**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:** 09/26/2019

**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:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$225,000 AND REQUIRED TO ENGAGE AN INDEPENDENT CONSULTANT.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND RULE 15C2-4 THEREUNDER BY DEPOSITING INVESTOR FUNDS INTO A LAW FIRM TRUST ACCOUNT FOR A PRIVATE OFFERING INSTEAD OF REQUIRING THAT AN INDEPENDENT BANK BE ESTABLISHED AS THE ESCROW AGENT. THE FINDINGS STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE SALE OF STRUCTURED PRODUCTS. THE FIRM'S SYSTEM FOR SUPERVISING THE SUITABILITY OF RECOMMENDATIONS OF STRUCTURED PRODUCTS CENTERED UPON PRODUCT PROFILES THAT ITS COMPLIANCE DEPARTMENT CREATED FOR EACH STRUCTURED PRODUCT SOLD BY THE FIRM. HOWEVER, THE FIRM FAILED TO ESTABLISH ANY SUPERVISORY SYSTEMS OR PROCEDURES TO REASONABLY ENSURE THAT ITS REVIEWING PRINCIPALS, WHO WERE TASKED WITH SUPERVISING STRUCTURED PRODUCT RECOMMENDATIONS, WERE REVIEWING FOR COMPLIANCE WITH THE



PRODUCT PROFILES AND SEEKING APPROVAL, WHERE REQUIRED, FOR EXCEPTIONS TO THE PRODUCT PROFILES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE SALE OF LEVERAGED, INVERSE AND INVERSE-LEVERAGED EXCHANGE-TRADED FUNDS (NON-TRADITIONAL ETFS). THE FIRM'S SUPERVISORY SYSTEM AND WSPS PROHIBITED SOLICITED SALES OF NON-TRADITIONAL ETFS. HOWEVER, THE FIRM FAILED TO REASONABLY ENFORCE THIS PROHIBITION. THE FIRM ATTEMPTED TO ENFORCE THIS PROHIBITION BY INSTITUTING A SURVEILLANCE SYSTEM TO DETECT SOLICITED SALES OF NON-TRADITIONAL ETFS. HOWEVER, WHEN THE FIRM'S SOFTWARE VENDOR STOPPED UPDATING THE SURVEILLANCE SYSTEM, THE FIRM FAILED TO MANUALLY UPDATE THE SYSTEM WITH NEW NON-TRADITIONAL ETF SYMBOLS. AS A RESULT, THE FIRM FAILED TO DETECT PROHIBITED NON-TRADITIONAL ETF SALES. IN ADDITION, BECAUSE THE FIRM'S ONLY SYSTEM FOR SUPERVISING SOLICITED SALES OF NON-TRADITIONAL ETFS WAS TO PROHIBIT THEM, IT HAD NO SYSTEM OR PROCEDURES TO REVIEW SUCH SALES FOR SUITABILITY OR TO MONITOR THEIR HOLDING PERIODS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO HAVE A REASONABLE BASIS TO RECOMMEND THE SALE OF A PRIVATE PLACEMENT OFFERING BECAUSE IT FAILED TO CONDUCT REASONABLE DUE DILIGENCE ON THE OFFERING. IN ADDITION, THE FIRM AND ITS DIRECTOR OF INVESTMENT BANKING FAILED TO REASONABLY SUPERVISE THE OFFERING BECAUSE THEY ALLOWED THE FIRM TO RELY PRIMARILY ON DUE DILIGENCE CONDUCTED BY THE ISSUER OF THE OFFERING.

**Initiated By:** FINRA

**Date Initiated:** 09/26/2019

**Docket/Case Number:** [2016047569601](#)

**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:** 09/26/2019

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

**Other Sanctions Ordered:** UNDERTAKING



**Sanction Details:** THE FIRM WAS CENSURED, FINED \$225,000 AND REQUIRED TO ENGAGE AN INDEPENDENT CONSULTANT.

## Disclosure 2 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NEWBRIDGE SECURITIES CORPORATION (NEWBRIDGE) FAILED TO REASONABLY SUPERVISE ONE AGENT IN CONNECTION WITH SALES OF STRUCTURED PRODUCTS IN PENNSYLVANIA, WHICH ACTS AND CONDUCT FORM A BASIS TO DENY, SUSPEND, REVOKE, OR CONDITION THE REGISTRATION OF NEWBRIDGE.

**Initiated By:** PENNSYLVANIA, COUNSEL STEFANIE HAMILTON 215.239.2327

**Date Initiated:** 07/18/2017

**Docket/Case Number:** 170043

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** STRUCTURED PRODUCTS.

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

**Other Sanction(s)/Relief Sought:**

**Resolution:** Other

**Resolution Date:** 07/18/2017

**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 \$499,000.00

**Other Sanctions Ordered:**

**Sanction Details:** NEWBRIDGE IS ORDERED TO PAY A \$499,000.00 ADMINISTRATIVE ASSESSMENT.

**Regulator Statement** CONSENT AGREEMENT AND ORDER ISSUED TO NEWBRIDGE.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NEWBRIDGE SECURITIES CORPORATION (NEWBRIDGE) FAILED TO REASONABLY SUPERVISE ONE AGENT IN CONNECTION WITH SALES OF STRUCTURED PRODUCTS IN PENNSYLVANIA, WHICH ACTS AND CONDUCT FORM A BASIS TO DENY, SUSPEND, REVOKE, OR CONDITION THE REGISTRATION OF NEWBRIDGE.
<b>Initiated By:</b>	PENNSYLVANIA, COUNSEL STEFANIE HAMILTON 215-239-2327
<b>Date Initiated:</b>	07/18/2017
<b>Docket/Case Number:</b>	170043
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	STRUCTURED PRODUCTS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	07/18/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	NEWBRIDGE IS ORDERED TO PAY A \$499,000.00 ADMINISTRATIVE ASSESSMENT.
<b>Firm Statement</b>	CONSENT AGREEMENT AND ORDER ISSUED TO NEWBRIDGE.

### Disclosure 3 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT 9,398 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON 147 BUSINESS DAYS. THE FINDINGS STATED THAT THE FIRM TRANSMITTED TO OATS 1,017 REPORTS THAT





CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE FIRM IMPROPERLY SUBMITTED ROES TO OATS THAT WERE NOT REQUIRED TO BE REPORTED. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDING FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE AND ITS OWN SYSTEMS TO ENSURE THAT THE FIRM SUBMITTED ALL ROES TO OATS, AS REQUIRED. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING A REGULAR REVIEW OF THE ACCURACY AND TIMELINESS OF ITS OATS REPORTS.

**Initiated By:** FINRA

**Date Initiated:** 01/11/2017

**Docket/Case Number:** [2015046352401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/11/2017

**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:** Censure  
Monetary/Fine \$17,500.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$17,500 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES. FINES PAID IN FULL



ON JANUARY 26, 2017.

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**Reporting Source:** Firm

**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 TRANSMIT 9,398 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON 147 BUSINESS DAYS. THE FINDINGS STATED THAT THE FIRM TRANSMITTED TO OATS 1,017 REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE FIRM IMPROPERLY SUBMITTED ROES TO OATS THAT WERE NOT REQUIRED TO BE REPORTED. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDING FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE AND ITS OWN SYSTEMS TO ENSURE THAT THE FIRM SUBMITTED ALL ROES TO OATS, AS REQUIRED. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING A REGULAR REVIEW OF THE ACCURACY AND TIMELINESS OF ITS OATS REPORTS.

**Initiated By:** FINRA

**Date Initiated:** 01/11/2017

**Docket/Case Number:** [2015046352401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** OTHER SANCTIONS/RELIEF SOUGHT

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/11/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$17,500.00



**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$17,500 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 4 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** DISHONEST AND UNETHICAL PRACTICES. KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Initiated By:** KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

**Date Initiated:** 06/07/2016

**Docket/Case Number:** 2015-AH-0021

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Resolution:** Order

**Resolution Date:** 06/07/2016

**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Regulator Statement** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS



MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** DISHONEST AND UNETHICAL PRACTICES. KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Initiated By:** KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

**Date Initiated:** 06/07/2016

**Docket/Case Number:** 2015-AH-0021

**Principal Product Type:** Other

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Resolution:** Order

**Resolution Date:** 06/07/2016

**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.

**Firm Statement** KENTUCKY DFI ALLEGES NEWBRIDGE CHARGED 31 KENTUCKY CUSTOMERS AN UNDISCLOSED COMMISSION FEE THAT WAS MISCHARACTERIZED AS A "HANDLING FEE." NEWBRIDGE TO REMIT \$7,476 TO CUSTOMERS IDENTIFIED IN AGREED ORDER.



<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE DIVISION ALLEGED THAT NEWBRIDGE SECURITIES CORPORATION SUBMITTED UNAUTHORIZED PROXY VOTES ON BEHALF OF ITS CLIENTS.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	06/22/2016
<b>Docket/Case Number:</b>	E-2016-0020
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, ADMINISTRATIVE FINE, REVIEW OF WRITTEN SUPERVISORY POLICIES AND PROCEDURES WITH RESPECT TO PROXY VOTING
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	06/22/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	NEWBRIDGE SECURITIES CORPORATION WILL REVIEW ITS WRITTEN SUPERVISORY POLICIES AND PROCEDURES WITH RESPECT TO PROXY VOTING.
<b>Sanction Details:</b>	\$25,000.00 ADMINISTRATIVE FINE

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE DIVISION ALLEGED THAT NEWBRIDGE SECURITIES CORPORATION SUBMITTED UNAUTHORIZED PROXY VOTES ON BEHALF OF ITS CLIENTS



**Initiated By:** MASSACHUSETTS SECURITIES DIVISION  
**Date Initiated:** 06/22/2016  
**Docket/Case Number:** E-2016-0020  
**Principal Product Type:** Other  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Cease and Desist  
**Other Sanction(s)/Relief Sought:** CENSURE, ADMINISTRATIVE FINE, REVIEW OF WRITTEN SUPERVISORY POLICES AND PROCEDURES WITH RESPECT TO PROXY VOTING.  
**Resolution:** Order  
**Resolution Date:** 06/22/2016  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$25,000.00  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** NEWBRIDGE SECURITIES CORPORATION WILL REVIEW ITS WRITTEN SUPERVISORY POLICIES AND PROCEDURES WITH RESPECT TO PROXY VOTING.  
**Sanction Details:** \$25,000.00 ADMINISTRATIVE FINE

#### Disclosure 6 of 29

**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 IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$172,835.29. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND ADEQUATE WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. HOWEVER, THE FIRM ADOPTED A NEW UIT TRADE PROCESS THAT REPRESENTATIVES MUST ADHERE TO WHICH IS NOW REFLECTED IN THE FIRM'S WSPS. PRIOR TO THAT THE FIRM HAD NO WSPS IN PLACE



SPECIFIC TO UIT DISCOUNTS.

**Initiated By:** FINRA

**Date Initiated:** 06/15/2016

**Docket/Case Number:** [2014042542501](#)

**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:** 06/15/2016

**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 \$115,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** PLUS STATUTORILY CALCULATED INTEREST ON RESTITUTION

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$115,000, AND ORDERED TO PAY \$188,803.99, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS.

THE FIRM PAID FULL RESTITUTION, PLUS STATUTORILY CALCULATED INTEREST, AND PROVIDED PROOF OF PAYMENT TO FINRA. FINES PAID IN FULL ON JULY 3, 2019.

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**Reporting Source:** Firm

**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 IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY



SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$172,835.29. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND ADEQUATE WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. HOWEVER, THE FIRM ADOPTED A NEW UIT TRADE PROCESS THAT REPRESENTATIVES MUST ADHERE TO WHICH IS NOW REFLECTED IN THE FIRM'S WSPS. PRIOR TO THAT THE FIRM HAD NO WSPS IN PLACE SPECIFIC TO UIT DISCOUNTS.

**Initiated By:** FINRA

**Date Initiated:** 06/15/2016

**Docket/Case Number:** [2014042542501](#)

**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:** 06/15/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$115,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** PLUS STATUTORILY CALCULATED INTEREST ON RESTITUTION

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$115,000, AND ORDERED TO PAY \$188,803.99, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. THE FIRM PAID FULL RESTITUTION, PLUS STATUTORILY CALCULATED INTEREST, AND PROVIDED PROOF OF PAYMENT TO FINRA.

#### Disclosure 7 of 29

**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 REPORT INFORMATION REGARDING PURCHASE AND SALE





TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES FOR CUSTOMERS TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS). SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF THE TRADE TIME AND FAILED TO REPORT THE CORRECT TRADE TIME TO AN RTRS PORTAL. THE FINDINGS STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TRADE TIME ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE MSRB. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS CONCERNING MUNICIPAL SECURITIES REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 06/10/2015

**Docket/Case Number:** [2014041621501](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/10/2015

**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 \$22,500.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WSPS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$22,500 AND UNDERTAKES TO REVISE ITS WSPS.  
FINE PAID IN FULL ON JUNE 23, 2015.



**Reporting Source:** Firm

**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 REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES FOR CUSTOMERS TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS). SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF THE TRADE TIME AND FAILED TO REPORT THE CORRECT TRADE TIME TO AN RTRS PORTAL. THE FINDINGS STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TRADE TIME ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE MSRB. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS CONCERNING MUNICIPAL SECURITIES REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 06/10/2015

**Docket/Case Number:** [2014041621501](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/10/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$22,500.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WSPS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$22,500 AND UNDERTAKES TO REVISE ITS WSPS.



## Disclosure 8 of 29

**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 SOLD (BOUGHT) CORPORATE BONDS TO (FROM) CUSTOMERS AND FAILED TO SELL (BUY) SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF THE TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT. THE FINDINGS STATED THAT IN TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING BEST EXECUTION IN CORPORATE BOND TRANSACTIONS WITH CUSTOMERS. THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDING FOR ANY OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING CORPORATE BOND BEST EXECUTION, SALES TRANSACTIONS, ORDER AUDIT TRAIL SYSTEM (OATS), TRADE REPORTING, OTHER TRADING RULES-CLEARLY ERRONEOUS AND OTHER RULES. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT ON THE TRADE DATES REVIEWED IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, OTHER RULES, AUTOMATED ORDER HANDLING UNDER SEC RULES 611(A) AND (C) OF REGULATION NMS, SALES TRANSACTIONS, OTHER TRADING RULES, OTHER TRADING RULES-CLEARLY ERRONEOUS AND OATS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES AND FAILED TO SUBMIT ACCURATE INFORMATION TO THE FNTRF FOR TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. AS A RESULT, THE FIRM ALSO EFFECTED SHORT SALES IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING



INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE FNTRF WITH A SHORT SALE MODIFIER. THE FIRM FAILED TO PREPARE MEMORANDA OF BROKERAGE ORDERS AND PREPARED MEMORANDA OF BROKERAGE ORDERS THAT CONTAINED INACCURATE OR INCOMPLETE INFORMATION. THE FIRM'S TRADING LEDGER WAS INACCURATE IN THAT IT RECORDED SECURITIES POSITIONS INACCURATELY, RECORDED AN INCORRECT EXECUTION TIME, RECORDED A SHORT SALE AS A LONG SALE, ERRONEOUSLY RECORDED PRINCIPAL ACCOUNT TRANSACTIONS WITH THE FIRM'S BROKERS IN ITS LEDGER, AND/OR DID NOT ACCURATELY MEMORIALIZE ALLOCATIONS OR ORDER CANCELLATIONS. THE FIRM PROVIDED WRITTEN NOTIFICATIONS TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. THE FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FIRM PREPARED MEMORANDA OF BROKERAGE ORDERS THAT CONTAINED INACCURATE OR INCOMPLETE INFORMATION.

**Initiated By:** FINRA

**Date Initiated:** 12/02/2014

**Docket/Case Number:** [2009019877901](#)

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/02/2014

**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 \$138,000.00

**Other Sanctions Ordered:**

UNDERTAKING: REVISE ITS WSPS

**Sanction Details:**

THE FIRM WAS CENSURED, FINED \$138,000 AND UNDERTAKES TO REVISE ITS WSPS. THE FIRM ALREADY HAS MADE RESTITUTION OF \$16,718.33 TO THE CUSTOMERS AFFECTED IN THE TRANSACTIONS. FINES PAID IN FULL ON DECEMBER 4, 2017. FINES PAID IN FULL ON JANUARY 5, 2018.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT SOLD (BOUGHT) CORPORATE BONDS TO (FROM) CUSTOMERS AND FAILED TO SELL (BUY) SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF THE TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT. THE FINDINGS STATED THAT IN TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING BEST EXECUTION IN CORPORATE BOND TRANSACTIONS WITH CUSTOMERS. THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDING FOR ANY OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING CORPORATE BOND BEST EXECUTION, SALES TRANSACTIONS, ORDER AUDIT TRAIL SYSTEM (OATS), TRADE REPORTING, OTHER TRADING RULES-CLEARLY ERRONEOUS AND OTHER RULES. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT ON THE TRADE DATES REVIEWED IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, OTHER RULES, AUTOMATED ORDER HANDLING UNDER SEC RULES 611(A) AND (C) OF REGULATION NMS, SALES TRANSACTIONS, OTHER TRADING RULES, OTHER TRADING RULES-CLEARLY ERRONEOUS AND OATS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE



REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES AND FAILED TO SUBMIT ACCURATE INFORMATION TO THE FNTRF FOR TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. AS A RESULT, THE FIRM ALSO EFFECTED SHORT SALES IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE FNTRF WITH A SHORT SALE MODIFIER. THE FIRM FAILED TO PREPARE MEMORANDA OF BROKERAGE ORDERS AND PREPARED MEMORANDA OF BROKERAGE ORDERS THAT CONTAINED INACCURATE OR INCOMPLETE INFORMATION. THE FIRM'S TRADING LEDGER WAS INACCURATE IN THAT IT RECORDED SECURITIES POSITIONS INACCURATELY, RECORDED AN INCORRECT EXECUTION TIME, RECORDED A SHORT SALE AS A LONG SALE, ERRONEOUSLY RECORDED PRINCIPAL ACCOUNT TRANSACTIONS WITH THE FIRM'S BROKERS IN ITS LEDGER, AND/OR DID NOT ACCURATELY MEMORIALIZE ALLOCATIONS OR ORDER CANCELLATIONS. THE FIRM PROVIDED WRITTEN NOTIFICATIONS TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. THE FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FIRM PREPARED MEMORANDA OF BROKERAGE ORDERS THAT CONTAINED INACCURATE OR INCOMPLETE INFORMATION.

**Initiated By:** FINRA

**Date Initiated:** 12/02/2014

**Docket/Case Number:** [2009019877901](#)

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/02/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$138,000.00



**Other Sanctions Ordered:** UNDERTAKING: REVISE ITS WSPS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$138,000 AND UNDERTAKES TO REVISE ITS WSPS. THE FIRM ALREADY HAS MADE RESTITUTION OF \$16,718.33 TO THE CUSTOMERS AFFECTED IN THE TRANSACTIONS.

#### Disclosure 9 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 3010:  
NEWBRIDGE FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATED TO THE REVIEW AND APPROVAL OF OUTGOING WIRES FOR CUSTOMERS REGARDING THE TRANSFER OF FUNDS OR SECURITIES BY A CUSTOMER TO A BANK ACCOUNT ON THEIR BEHALF. WHILE THE FIRM HAD WSPS THAT ADDRESSED SUCH TRANSMITTALS GENERALLY AND REQUIRED LETTERS OF AUTHORIZATION (LOAS), THE WSPS WERE SILENT AS TO HOW SUCH TRANSMITTALS AND LOAS WOULD BE REVIEWED AND APPROVED. IN CONNECTION WITH THIS DEFICIENCY, A FORMER NEWBRIDGE REGISTERED REPRESENTATIVE, CONVERTED OVER \$160,000 FROM TWO NEWBRIDGE CUSTOMERS' ACCOUNTS BY WIRING THE FUNDS FROM THEIR ACCOUNTS TO BANK ACCOUNTS HE OPENED IN THEIR NAMES.

**Initiated By:** FINRA

**Date Initiated:** 10/07/2013

**Docket/Case Number:** [2013035775601](#)

**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:** 10/07/2013



**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 \$32,500.00

**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 IT IS CENSURED AND FINED \$32,500. FINE PAID IN FULL 10/15/13.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FINRA RULE 2010, NASD RULE 3010: NEWBRIDGE FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATED TO THE REVIEW AND APPROVAL OF OUTGOING WIRES FOR CUSTOMERS REGARDING THE TRANSFER OF FUNDS OR SECURITIES BY A CUSTOMER TO A BANK ACCOUNT ON THEIR BEHALF. WHILE THE FIRM HAD WSPS THAT ADDRESSED SUCH TRANSMITTALS GENERALLY AND REQUIRED LETTERS OF AUTHORIZATION (LOAS), THE WSPS WERE SILENT AS TO HOW SUCH TRANSMITTALS AND LOAS WOULD BE REVIEWED AND APPROVED. IN CONNECTION WITH THIS DEFICIENCY, A FORMER NEWBRIDGE REGISTERED REPRESENTATIVE, CONVERTED OVER \$160,000 FROM TWO NEWBRIDGE CUSTOMERS' ACCOUNTS BY WIRING THE FUNDS FROM THEIR ACCOUNTS TO BANK ACCOUNTS HE OPENED IN THEIR NAMES.

**Initiated By:**

FINRA

**Date Initiated:**

10/07/2013

**Docket/Case Number:**

[2013035775601](#)

**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:** 10/07/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$32,500.00

**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 IT IS CENSURED AND FINED \$32,500.

#### Disclosure 10 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** HANDLING FEES CHARGED BY NEWBRIDGE SECURITIES TO ARKANSAS CUSTOMERS WERE NOT PROPERLY OR FULLY DISCLOSED.

**Initiated By:** ARKANSAS SECURITIES DEPARTMENT

**Date Initiated:** 04/05/2013

**Docket/Case Number:** S-13-0038

**URL for Regulatory Action:**

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 04/05/2013

**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:** Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** NEWBRIDGE SECURITIES WAS ORDERED TO REFUND \$17,377.44. NO AMOUNT OF THE RESTITUTION WAS WAIVED.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** HANDLING FEES CHARGED BY NEWBRIDGE SECURITIES TO ARKANSAS CUSTOMERS WERE NOT PROPERLY OR FULLY DISCLOSED.

**Initiated By:** ARKANSAS SECURITIES DEPARTMENT

**Date Initiated:** 04/05/2013

**Docket/Case Number:** S-13-0038

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 04/05/2013

**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** NEWBRIDGE SECURITIES WAS ORDERED TO REFUND \$17,377.44. NO AMOUNT OF THE RESTITUTION WAS WAIVED.

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**Disclosure 11 of 29**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NEWBRIDGE'S FEE SCHEDULE PROVIDED TO CUSTOMERS STATED THAT IT WOULD CHARGE A "HANDLING FEE" OF "UP TO \$49.95" DURING 2008 AND 2009 AND "UP TO \$39.95" DURING 2010 AND 2011. THE FEE ACTUALLY CHARGED TO NEW JERSEY CUSTOMERS RANGED FROM \$0 TO \$59.95. HOWEVER, THE ACTUAL FEES CHARGED TO NEWBRIDGE FROM ITS CLEARING AGENT, LEGENT CLEARING ("LEAGENT") (CRD # 117176), RANGED



FROM \$8.00 TO \$10.50. NEWBRIDGE FAILED TO DISCLOSE TO ITS CUSTOMERS THAT THE CHARGED "HANDLING FEE" (I) WAS NOT UNIFORMLY CHARGED TO ALL CUSTOMERS, (II) WAS NOT BASED ON THE COSTS OF HANDLING A PARTICULAR TRANSACTION, (III) INCLUDED A PROFIT TO THE FIRM, AND (IV) INCLUDED A REBATE TO REGISTERED REPRESENTATIVES AND/OR BRANCH OFFICES. ADDITIONALLY, IN 2009, THERE WERE AT LEAST THREE (3) TRANSACTIONS WHERE NEW JERSEY CUSTOMERS WERE CHARGED A "HANDLING FEE" OF \$59.95, INSTEAD OF "UP TO \$39.95" FOR INDIVIDUAL SECURITIES TRANSACTIONS. NEWBRIDGE'S PRACTICE OF CHARGING THE "HANDLING FEE" RESULTED IN SUBSTANTIAL PROFITS TO BOTH NEWBRIDGE AND ITS AGENTS. NEWBRIDGE 'S MISSTATEMENTS AND OMISSIONS WERE MATERIAL TO INVESTORS AND ITS FAILURE TO ADEQUATELY DISCLOSE THE NATURE OF THE "HANDLING FEES" MADE THE FIRM'S DISCLOSURES TO CUSTOMERS MISLEADING.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 05/08/2012

**Docket/Case Number:** 2012-006

**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:** CEASE AND DESIST, RESTITUTION

**Resolution:** Consent

**Resolution Date:** 02/01/2013

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

**Sanctions Ordered:** Monetary/Fine \$15,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** NEWBRIDGE SHALL MAKE RESTITUTION IN THE FOLLOWING MANNER:  
A. WITHIN THIRTY (30) DAYS FROM THE DATE THIS ORDER, NEWBRIDGE SHALL GRANT EACH CURRENT AND EXISTING NEW JERSEY CUSTOMER



AFFECTED BY THE AFOREMENTIONED HANDLING FEES A TEN PERCENT (10%) DISCOUNT ON ALL FEES AND/OR COMMISSION CHARGES IN ALL ACCOUNTS OWNED BY THE AFFECTED NEW JERSEY CUSTOMERS FOR SIX (6) MONTHS FOLLOWING THE EXECUTION OF THIS ORDER.

**Sanction Details:**

NEWBRIDGE MADE MATERIALLY FALSE AND MISLEADING STATEMENTS AND/OR OMISSIONS REGARDING THE "HANDLING FEES" CHARGED TO NEW JERSEY CLIENTS IN VIOLATION OF N.J.S.A. 49:3-52(B); NEWBRIDGE MADE INADEQUATE DISCLOSURE TO CUSTOMERS REGARDING ITS HANDLING FEES RESULTING IN AN UNREASONABLE PROFIT CONSTITUTING DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS AS DESCRIBED IN N.J.S.A. 49:3-58(A)(L), N.J.S.A. 49:3-58(A)(2)(VII) AND N.J.A.C. 13:47A-6.3(9), (II) AND (12); AND NEWBRIDGE'S CONDUCT DESCRIBED IN THIS CONSENT ORDER VIOLATES FINRA CONDUCT RULES 2210, 2430 AND 2440 CONSTITUTING DISHONEST OR UNETHICAL BUSINESS PRACTICES IN THE SECURITIES BUSINESS AS DESCRIBED BY N.J.S.A. 49:3-58(A)(L) AND (A)(2)(VII) AND N.J.A.C. 13:47A-6.3(28). THE ACTIVITIES SET FORTH HEREIN ARE GROUNDS, PURSUANT TO N.J.S.A. 49:3-70.1 TO ASSESS CIVIL MONETARY PENALTIES AGAINST NEWBRIDGE.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

NEWBRIDGE'S FEE SCHEDULE PROVIDED TO CUSTOMERS STATED THAT IT WOULD CHARGE A "HANDLING FEE" OF "UP TO \$49.95" DURING 2008 AND 2009 AND "UP TO \$39.95" DURING 2010 AND 2011. THE FEE ACTUALLY CHARGED TO NEW JERSEY CUSTOMERS RANGED FROM \$0 TO \$59.95. HOWEVER, THE ACTUAL FEES CHARGED TO NEWBRIDGE FROM ITS CLEARING AGENT, LEGENT CLEARING ("LEGENT") (CRD # 117176), RANGED FROM \$8.00 TO \$10.50. NEWBRIDGE FAILED TO DISCLOSE TO ITS CUSTOMERS THAT THE CHARGED "HANDLING FEE" (I) WAS NOT UNIFORMLY CHARGED TO ALL CUSTOMERS, (II) WAS NOT BASED ON THE COSTS OF HANDLING A PARTICULAR TRANSACTION, (III) INCLUDED A PROFIT TO THE FIRM, AND (IV) INCLUDED A REBATE TO REGISTERED REPRESENTATIVES AND/OR BRANCH OFFICES. ADDITIONALLY, IN 2009, THERE WERE AT LEAST THREE (3) TRANSACTIONS WHERE NEW JERSEY CUSTOMERS WERE CHARGED A "HANDLING FEE" OF \$59.95, INSTEAD OF "UP TO \$39.95" FOR INDIVIDUAL SECURITIES TRANSACTIONS. NEWBRIDGE'S PRACTICE OF CHARGING THE "HANDLING FEE" RESULTED IN SUBSTANTIAL PROFITS TO BOTH NEWBRIDGE AND ITS AGENTS. NEWBRIDGE'S MISSTATEMENTS AND OMISSIONS WERE MATERIAL TO INVESTORS AND ITS FAILURE TO ADEQUATELY DISCLOSE THE NATURE OF



THE "HANDLING FEES" MADE THE FIRM'S DISCLOSURES TO CUSTOMERS MISLEADING.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 05/08/2012

**Docket/Case Number:** 2012-006

**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, RESTITUTION

**Resolution:** Consent

**Resolution Date:** 02/01/2013

**Sanctions Ordered:** Monetary/Fine \$15,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** NEWBRIDGE SHALL MAKE RESTITUTION IN THE FOLLOWING MANNER: A. WITHIN THIRTY (30) DAYS FROM THE DATE THIS ORDER, NEWBRIDGE SHALL GRANT EACH CURRENT AND EXISTING NEW JERSEY CUSTOMER AFFECTED BY THE AFOREMENTIONED HANDLING FEES A TEN PERCENT (10%) DISCOUNT ON ALL FEES AND/OR COMMISSION CHARGES IN ALL ACCOUNTS OWNED BY THE AFFECTED NEW JERSEY CUSTOMERS FOR SIX (6) MONTHS FOLLOWING THE EXECUTION OF THIS ORDER.

**Sanction Details:** NEWBRIDGE MADE MATERIALLY FALSE AND MISLEADING STATEMENTS AND/OR OMISSIONS REGARDING THE "HANDLING FEES" CHARGED TO NEW JERSEY CLIENTS IN VIOLATION OF N.J.S.A. 49:3-52(B); NEWBRIDGE MADE INADEQUATE DISCLOSURE TO CUSTOMERS REGARDING ITS HANDLING FEES RESULTING IN AN UNREASONABLE PROFIT CONSTITUTING DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS AS DESCRIBED IN N.J.S.A. 49:3-58(A)(L), N.J.S.A. 49:3-58(A)(2)(VII) AND N.J.A.C. 13:47A-6.3(9), (II) AND (12); AND NEWBRIDGE'S CONDUCT DESCRIBED IN THIS CONSENT ORDER VIOLATES FINRA CONDUCT RULES 2210, 2430 AND 2440 CONSTITUTING DISHONEST OR UNETHICAL BUSINESS PRACTICES IN THE SECURITIES BUSINESS AS DESCRIBED BY N.J.S.A. 49:3-58(A)(L) AND (A)(2)(VII) AND N.J.A.C. 13:47A-6.3(28). THE ACTIVITIES SET FORTH HEREIN ARE GROUNDS, PURSUANT TO N.J.S.A. 49:3-70.1 TO ASSESS CIVIL MONETARY PENALTIES AGAINST NEWBRIDGE.



## Disclosure 12 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** A.) NEWBRIDGE FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF EACH REGISTERED REPRESENTATIVE, REGISTERED PRINCIPAL, AND OTHER ASSOCIATED PERSON THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE NASD RULES DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(A); B.) NEWBRIDGE FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN PROCEDURES TO SUPERVISE THE TYPES OF BUSINESS IN WHICH IT ENGAGED AND TO SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES, REGISTERED PRINCIPALS, AND OTHER ASSOCIATED PERSONS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE NASD RULES DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(B)(1); C.) NEWBRIDGE UTILIZED AN OFFICE INSPECTION PROGRAM DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 WHICH VIOLATED SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(C); D.) NEWBRIDGE FAILED TO ACCURATELY AND TIMELY REPORT TO THE NASD/FINRA STATISTICAL AND SUMMARY INFORMATION REGARDING CUSTOMER COMPLAINTS IN SUCH DETAIL AS THE NASD/FINRA SPECIFIED DURING THE TIME PERIOD OF JANUARY 1, 2007 TO DECEMBER 31, 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3070; E.) NEWBRIDGE FAILED TO ENSURE THAT ITS ASSOCIATED PERSONS ACCURATELY AND TIMELY REPORTED CUSTOMER COMPLAINTS ON THEIR FORMS U4 AND U-5 DURING THE TIME FRAME OF JANUARY 2007 TO DECEMBER 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULES 69W-600.002 AND 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 2010 AND FINRA CONDUCT RULE 2010; F.) NEWBRIDGE CHARGED EXCESSIVE COMMISSIONS TO CLIENTS DURING THE TIME PERIOD OF JULY 2008 TO AUGUST 2008 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 2440.



**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFR")

**Date Initiated:** 02/12/2013

**Docket/Case Number:** 0700-S-1/13

**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:** 02/12/2013

**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:** Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 2/12/2013, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF NEWBRIDGE SECURITIES CORPORATION ("RESPONDENT"). RESPONDENT NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. RESPONDENT AGREES TO CEASE AND DESIST FROM ANY AND ALL FUTURE VIOLATIONS OF CHAPTER 517, F.S. AND THE ADMINISTRATIVE RULES THEREUNDER. RESPONDENT AGREES TO PAY AN ADMINISTRATIVE FINE OF \$40,000.00.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** A.) NEWBRIDGE FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF EACH REGISTERED REPRESENTATIVE, REGISTERED PRINCIPAL, AND OTHER ASSOCIATED PERSON THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE



SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE NASD RULES DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(A); B.) NEWBRIDGE FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN PROCEDURES TO SUPERVISE THE TYPES OF BUSINESS IN WHICH IT ENGAGED AND TO SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES, REGISTERED PRINCIPALS, AND OTHER ASSOCIATED PERSONS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE NASD RULES DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(B)(1); C.) NEWBRIDGE UTILIZED AN OFFICE INSPECTION PROGRAM DURING THE TIME PERIOD OF JANUARY 1, 2006 THROUGH MARCH 2009 WHICH VIOLATED SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3010(C); D.) NEWBRIDGE FAILED TO ACCURATELY AND TIMELY REPORT TO THE NASD/FINRA STATISTICAL AND SUMMARY INFORMATION REGARDING CUSTOMER COMPLAINTS IN SUCH DETAIL AS THE NASD/FINRA SPECIFIED DURING THE TIME PERIOD OF JANUARY 1, 2007 TO DECEMBER 31, 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 3070; E.) NEWBRIDGE FAILED TO ENSURE THAT ITS ASSOCIATED PERSONS ACCURATELY AND TIMELY REPORTED CUSTOMER COMPLAINTS ON THEIR FORMS U4 AND U-5 DURING THE TIME FRAME OF JANUARY 2007 TO DECEMBER 2009 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULES 69W-600.002 AND 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 2010 AND FINRA CONDUCT RULE 2010; F.) NEWBRIDGE CHARGED EXCESSIVE COMMISSIONS TO CLIENTS DURING THE TIME PERIOD OF JULY 2008 TO AUGUST 2008 IN VIOLATION OF SECTION 517.161(1)(H), FLORIDA STATUTES, RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND NASD CONDUCT RULE 2440.

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFR")

**Date Initiated:** 02/12/2013

**Docket/Case Number:** 0700-S-1/13

**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:** 02/12/2013

**Sanctions Ordered:** Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 2/12/2013, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF NEWBRIDGE SECURITIES CORPORATION ("RESPONDENT"). RESPONDENT NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. RESPONDENT AGREES TO CEASE AND DESIST FROM ANY AND ALL FUTURE VIOLATIONS OF CHAPTER 517, F.S. AND THE ADMINISTRATIVE RULES THEREUNDER. RESPONDENT AGREES TO PAY AN ADMINISTRATIVE FINE OF \$40,000.00.

### Disclosure 13 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** EXCHANGE ACT RULE 10B-10, FINRA RULE 2010, NASD RULES 2110, 2430: THE FIRM CHARGED ITS CUSTOMERS A FEE FOR HANDLING, IN ADDITION TO A COMMISSION, ON EQUITY SECURITY TRADES AND ITS CHARACTERIZATION OF THE CHARGE AS BEING FOR HANDLING WAS IMPROPER. THE FIRM'S HANDLING FEE VARIED IN AMOUNT FROM TRADE TO TRADE, AND THE PARTICULAR DOLLAR AMOUNT CHARGED WAS NOT ATTRIBUTABLE TO ANY SPECIFIC COST OR EXPENSE INCURRED BY THE FIRM IN EXECUTING THE TRADE, OR DETERMINED BY ANY FORMULA APPLICABLE TO ALL CUSTOMERS. RATHER, IT WAS DETERMINED BY THE INDIVIDUAL REPRESENTATIVE EXECUTING THE ORDER, WHO HAD DISCRETION TO SET THE DOLLAR AMOUNT OF THE FEE WITHIN A PARTICULAR RANGE SET BY THE FIRM. MOREOVER, THE RANGE AUTHORIZED BY THE FIRM VARIED FROM BRANCH TO BRANCH. CONSEQUENTLY, CUSTOMERS OF DIFFERENT BRANCHES MIGHT BE ASSESSED SUBSTANTIALLY DIFFERENT AMOUNTS FOR HANDLING ON OTHERWISE IDENTICAL TRADES. ALTHOUGH REFLECTED ON CUSTOMER TRADE CONFIRMATIONS AS A CHARGE FOR HANDLING, A PORTION OF THE FEE ACTUALLY SERVED AS A SOURCE OF ADDITIONAL TRANSACTION-BASED REMUNERATION OR REVENUE TO THE FIRM, IN THE SAME MANNER AS A COMMISSION, AND WAS NOT DIRECTLY RELATED TO ANY SPECIFIC HANDLING SERVICES PERFORMED BY THE FIRM, OR HANDLING-



RELATED EXPENSES INCURRED BY THE FIRM, IN PROCESSING THE TRANSACTION. BY DESIGNATING THE CHARGE AS A HANDLING FEE ON CUSTOMER TRADE CONFIRMATIONS, THE FIRM UNDERSTATED THE AMOUNT OF THE TOTAL COMMISSIONS CHARGED BY THE FIRM AND MISSTATED THE PURPOSE OF THE HANDLING FEE.

**Initiated By:** FINRA

**Date Initiated:** 01/29/2013

**Docket/Case Number:** [2012032048401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED EQUITY SECURITY

**Principal Sanction(s)/Relief Sought:** Other

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/29/2013

**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 \$50,000.00

**Other Sanctions Ordered:** AN UNDERTAKING

**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 \$50,000 AND REQUIRED TO CERTIFY, WITHIN 90 DAYS OF FINRA'S ACCEPTANCE OF THE AWC THAT IT HAS IMPLEMENTED THE FOLLOWING CORRECTIVE ACTION: THE FIRM SHALL IDENTIFY AS A COMMISSION OR MARKUP/MARKDOWN AND NOT AS ANY CHARGE OR FEE FOR POSTAGE, HANDLING, MISCELLANEOUS, OR THE LIKE, ANY TRANSACTION-BASED CHARGE OR FEE THAT CONSTITUTES, IN WHOLE OR IN PART, REMUNERATION TO THE FIRM AND/OR ANY ASSOCIATED PERSON(S) OF THE FIRM; THE FIRM SHALL FULLY AND ACCURATELY DISCLOSE ON TRADE CONFIRMATIONS AND IN EVERY WRITTEN COMMUNICATION WITH CUSTOMERS OR THE PUBLIC IN WHICH TRANSACTION FEES, COMMISSIONS, OR MARKUP/MARKDOWN



CHARGES ARE DISCUSSED, THE SPECIFIC SERVICE(S) OR COST(S) FOR WHICH THE FEE OR CHARGE RELATES AND, IF RELATING TO MORE THAN ONE SERVICE OR COST, THE PRECISE PORTION OF THE CHARGE OR FEE ATTRIBUTABLE TO EACH, AND THE FIRM MUST RETAIN DETAILED RECORDS TO SUBSTANTIATE THE SERVICE(S) PERFORMED OR COSTS(S) INCURRED AND TO DEMONSTRATE HOW THE DOLLAR AMOUNT OF THE CHARGE OR FEE WAS CALCULATED OR DETERMINED; AND THE FIRM SHALL REVISE ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE REQUIREMENTS OF THIS UNDERTAKING AND PROVIDE TRAINING TO ALL ASSOCIATED PERSONS RELATING TO SAME. FINE PAID IN FULL ON 2/25/13.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>EXCHANGE ACT RULE 10B-10, FINRA RULE 2010, NASD RULES 2110, 2430: THE FIRM CHARGED ITS CUSTOMERS A FEE FOR HANDLING, IN ADDITION TO A COMMISSION, ON EQUITY SECURITY TRADES AND ITS CHARACTERIZATION OF THE CHARGE AS BEING FOR HANDLING WAS IMPROPER. THE FIRM'S HANDLING FEE VARIED IN AMOUNT FROM TRADE TO TRADE, AND THE PARTICULAR DOLLAR AMOUNT CHARGED WAS NOT ATTRIBUTABLE TO ANY SPECIFIC COST OR EXPENSE INCURRED BY THE FIRM IN EXECUTING THE TRADE, OR DETERMINED BY ANY FORMULA APPLICABLE TO ALL CUSTOMERS. RATHER, IT WAS DETERMINED BY THE INDIVIDUAL REPRESENTATIVE EXECUTING THE ORDER, WHO HAD DISCRETION TO SET THE DOLLAR AMOUNT OF THE FEE WITHIN A PARTICULAR RANGE SET BY THE FIRM. MOREOVER, THE RANGE AUTHORIZED BY THE FIRM VARIED FROM BRANCH TO BRANCH. CONSEQUENTLY, CUSTOMERS OF DIFFERENT BRANCHES MIGHT BE ASSESSED SUBSTANTIALLY DIFFERENT AMOUNTS FOR HANDLING ON OTHERWISE IDENTICAL TRADES. ALTHOUGH REFLECTED ON CUSTOMER TRADE CONFIRMATIONS AS A CHARGE FOR HANDLING, A PORTION OF THE FEE ACTUALLY SERVED AS A SOURCE OF ADDITIONAL TRANSACTION-BASED REMUNERATION OR REVENUE TO THE FIRM, IN THE SAME MANNER AS A COMMISSION, AND WAS NOT DIRECTLY RELATED TO ANY SPECIFIC HANDLING SERVICES PERFORMED BY THE FIRM, OR HANDLING-RELATED EXPENSES INCURRED BY THE FIRM, IN PROCESSING THE TRANSACTION. BY DESIGNATING THE CHARGE AS A HANDLING FEE ON CUSTOMER TRADE CONFIRMATIONS, THE FIRM UNDERSTATED THE AMOUNT OF THE TOTAL COMMISSIONS CHARGED BY THE FIRM AND MISSTATED THE PURPOSE OF THE HANDLING FEE.</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	01/29/2013



**Docket/Case Number:** [2012032048401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED EQUITY SECURITY

**Principal Sanction(s)/Relief Sought:** Other

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/29/2013

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

**Other Sanctions Ordered:** AN UNDERTAKING

**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 \$50,000 AND REQUIRED TO CERTIFY, WITHIN 90 DAYS OF FINRA'S ACCEPTANCE OF THE AWC THAT IT HAS IMPLEMENTED THE FOLLOWING CORRECTIVE ACTION: THE FIRM SHALL IDENTIFY AS A COMMISSION OR MARKUP/MARKDOWN AND NOT AS ANY CHARGE OR FEE FOR POSTAGE, HANDLING, MISCELLANEOUS, OR THE LIKE, ANY TRANSACTION-BASED CHARGE OR FEE THAT CONSTITUTES, IN WHOLE OR IN PART, REMUNERATION TO THE FIRM AND/OR ANY ASSOCIATED PERSON(S) OF THE FIRM; THE FIRM SHALL FULLY AND ACCURATELY DISCLOSE ON TRADE CONFIRMATIONS AND IN EVERY WRITTEN COMMUNICATION WITH CUSTOMERS OR THE PUBLIC IN WHICH TRANSACTION FEES, COMMISSIONS, OR MARKUP/MARKDOWN CHARGES ARE DISCUSSED, THE SPECIFIC SERVICE(S) OR COST(S) FOR WHICH THE FEE OR CHARGE RELATES AND, IF RELATING TO MORE THAN ONE SERVICE OR COST, THE PRECISE PORTION OF THE CHARGE OR FEE ATTRIBUTABLE TO EACH, AND THE FIRM MUST RETAIN DETAILED RECORDS TO SUBSTANTIATE THE SERVICE(S) PERFORMED OR COSTS(S) INCURRED AND TO DEMONSTRATE HOW THE DOLLAR AMOUNT OF THE CHARGE OR FEE WAS CALCULATED OR DETERMINED; AND THE FIRM SHALL REVISE ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE REQUIREMENTS OF THIS UNDERTAKING AND PROVIDE TRAINING TO ALL ASSOCIATED PERSONS RELATING TO SAME.

#### Disclosure 14 of 29

**Reporting Source:** Regulator



<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULE 2010: THE FIRM FAILED TO PROVIDE MATERIAL INFORMATION TO CUSTOMERS BY NEGLIGENTLY PERMITTING THE FIRM'S REGISTERED REPRESENTATIVES TO SELL SECURITIES IN TWO PRIVATE PLACEMENT OFFERINGS TO CUSTOMERS USING PRIVATE PLACEMENT MEMORANDA THAT OMITTED MATERIAL FACTS. THE FIRM PARTICIPATED IN PRIVATE PLACEMENT OFFERINGS OF SECURITIES; THE FIRM RAISED APPROXIMATELY \$2.6 MILLION FROM INVESTORS IN THESE OFFERINGS. WHILE CONDUCTING DUE DILIGENCE FOR THESE OFFERINGS, THE FIRM DISCOVERED THAT THE CHIEF EXECUTIVE OFFICER OF THE ISSUER OF ONE OF THE OFFERINGS HAD FILED FOR CHAPTER 13 BANKRUPTCY PROTECTION (BUT, THE BANKRUPTCY WAS LATER DISCHARGED), AND HAD JUDGMENTS AND LIENS AND FILED AGAINST HIM TOTALING APPROXIMATELY \$80,000, AND THE FIRM ALSO DISCOVERED THAT THE CHIEF EXECUTIVE OFFICER OF THE ISSUER OF THE OTHER OFFERING WAS PREVIOUSLY THE CHIEF EXECUTIVE OFFICER OF ANOTHER COMPANY WHEN THAT COMPANY FILED FOR BANKRUPTCY PROTECTION. NOTWITHSTANDING THE FIRM'S DISCOVERY OF SUCH NEGATIVE FINANCIAL INFORMATION, THE FIRM NEGLIGENTLY PERMITTED ITS REGISTERED REPRESENTATIVES TO SELL THESE OFFERINGS TO CUSTOMERS USING PRIVATE PLACEMENT MEMORANDA THAT CONTAINED MATERIAL OMISSIONS OF FACTS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/02/2011
<b>Docket/Case Number:</b>	<a href="#">2010021106101</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	PRIVATE PLACEMENT OFFERINGS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/02/2011
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No



**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**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 \$20,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010: THE FIRM FAILED TO PROVIDE MATERIAL INFORMATION TO CUSTOMERS BY NEGLIGENTLY PERMITTING THE FIRM'S REGISTERED REPRESENTATIVES TO SELL SECURITIES IN TWO PRIVATE PLACEMENT OFFERINGS TO CUSTOMERS USING PRIVATE PLACEMENT MEMORANDA THAT OMITTED MATERIAL FACTS. THE FIRM PARTICIPATED IN PRIVATE PLACEMENT OFFERINGS OF SECURITIES; THE FIRM RAISED APPROXIMATELY \$2.6 MILLION FROM INVESTORS IN THESE OFFERINGS. WHILE CONDUCTING DUE DILIGENCE FOR THESE OFFERINGS, THE FIRM DISCOVERED THAT THE CHIEF EXECUTIVE OFFICER OF THE ISSUER OF ONE OF THE OFFERINGS HAD FILED FOR CHAPTER 13 BANKRUPTCY PROTECTION (BUT, THE BANKRUPTCY WAS LATER DISCHARGED), AND HAD JUDGMENTS AND LIENS AND FILED AGAINST HIM TOTALING APPROXIMATELY \$80,000, AND THE FIRM ALSO DISCOVERED THAT THE CHIEF EXECUTIVE OFFICER OF THE ISSUER OF THE OTHER OFFERING WAS PREVIOUSLY THE CHIEF EXECUTIVE OFFICER OF ANOTHER COMPANY WHEN THAT COMPANY FILED FOR BANKRUPTCY PROTECTION. NOTWITHSTANDING THE FIRM'S DISCOVERY OF SUCH NEGATIVE FINANCIAL INFORMATION, THE FIRM NEGLIGENTLY PERMITTED ITS REGISTERED REPRESENTATIVES TO SELL THESE OFFERINGS TO CUSTOMERS USING PRIVATE PLACEMENT MEMORANDA THAT CONTAINED MATERIAL OMISSIONS OF FACTS.

**Initiated By:** FINRA

**Date Initiated:** 09/02/2011

**Docket/Case Number:** [2010021106101](#)

**Principal Product Type:** Other

**Other Product Type(s):** PRIVATE PLACEMENT OFFERINGS

**Principal Sanction(s)/Relief Sought:** Other



<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/02/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	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 \$20,000.

#### Disclosure 15 of 29

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE DEPARTMENT ALLEGED THAT IT RECEIVED NO EVIDENCE THAT THE FIRM'S AGREEMENT (AWC) RELATED TO FINRA (EXAM NO. 200700717504) WAS REPORTED TO THE DEPARTMENT, AN APPARENT VIOLATION OF THE NORTH CAROLINA GENERAL STATUE 58-33-32(K).
<b>Initiated By:</b>	NORTH CAROLINA DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	06/21/2011
<b>Docket/Case Number:</b>	54-1879031
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/21/2011
<b>Sanctions Ordered:</b>	Monetary/Fine \$250.00
<b>Other Sanctions Ordered:</b>	FINE FOR \$250.00 WHICH WAS PAID ON 6/7/2011.
<b>Sanction Details:</b>	FINE FOR \$250.00 WHICH WAS PAID ON 6/7/2011, NOTHING WAS WAIVED.



## Disclosure 16 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** ON APRIL 15, 2011, THE CONNECTICUT BANKING COMMISSIONER ISSUED AN ORDER TO CEASE AND DESIST AND AN ORDER TO MAKE RESTITUTION (DOCKET NO. RCF-11-7794-S) AGAINST NEWBRIDGE SECURITIES CORPORATION, A CONNECTICUT-REGISTERED BROKER-DEALER. ON THE SAME DAY AND IN THE SAME ACTION, THE COMMISSIONER ISSUED A NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE WITH RESPECT TO THE FIRM. THE ACTION ALLEGED THAT NEWBRIDGE SECURITIES CORPORATION CHARGED ITS CUSTOMERS A TRANSACTIONAL "HANDLING FEE" THAT WAS UNRELATED TO ACTUAL TRANSACTION COSTS, AND THAT THE FIRM FAILED TO INFORM CUSTOMERS THAT THE FEE INCLUDED A PROFIT TO THE FIRM, THAT CERTAIN CUSTOMERS PAID LOWER FEES AND THAT THE FEE WAS NOT BASED ON THE ACTUAL COST OF HANDLING A PARTICULAR TRANSACTION. SUCH CONDUCT ALLEGEDLY VIOLATED THE ANTIFRAUD PROVISIONS IN SECTION 36B-4(A) OF THE CONNECTICUT UNIFORM SECURITIES ACT AND CONSTITUTED A DISHONEST AND UNETHICAL PRACTICE.

THE ACTION DIRECTED THE FIRM TO CEASE AND DESIST FROM REGULATORY VIOLATIONS AND TO REIMBURSE AFFECTED CONNECTICUT CUSTOMERS THE DIFFERENCE BETWEEN THE TRANSACTIONAL "HANDLING FEE" EACH CUSTOMER PAID AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET, CLEARING AND POSTAGE COSTS. THE FIRM WAS AFFORDED AN OPPORTUNITY TO REQUEST A HEARING ON THE ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE.

**Initiated By:** CONNECTICUT

**Date Initiated:** 04/15/2011

**Docket/Case Number:** RCF-11-7794-S

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Revocation





<b>Other Sanction(s)/Relief Sought:</b>	<ol style="list-style-type: none"> <li>1. ORDER TO CEASE AND DESIST ISSUED 4/15/2011</li> <li>2. ORDER TO MAKE RESTITUTION ISSUED 4/15/2011</li> <li>3. NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER ISSUED 4/15/2011</li> <li>4. NOTICE OF INTENT TO FINE ISSUED 4/15/2011</li> </ol>
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/10/2011
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	CONSENT ORDER ENTERED NOVEMBER 10, 2011. THE CONSENT ORDER DIRECTED THE FIRM TO 1) CEASE AND DESIST FROM REGULATORY VIOLATIONS; AND 2) WITH RESPECT TO TRANSACTIONS EFFECTED FROM JANUARY 1, 2008 FORWARD, REIMBURSE EACH CONNECTICUT CUSTOMER THE DIFFERENCE BETWEEN THE "HANDLING FEE" PAID PER TRANSACTION AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET AND CLEARING CHARGE AND THE POSTAGE FEE ASSESSED BY THE CLEARING FIRM. THE CONSENT ORDER ALSO FINED NEWBRIDGE SECURITIES CORPORATION \$10,000.
<b>Sanction Details:</b>	SEE RESPONSE TO ITEM 13.B. FINE PAID PRIOR TO ENTRY OF CONSENT ORDER ON NOVEMBER 10, 2011. NO PENALTY PORTION WAIVED.
<b>Regulator Statement</b>	THE FIRM WAS AFFORDED AN OPPORTUNITY TO REQUEST A HEARING ON THE ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE. UPDATE: RESOLVED VIA CONSENT ORDER ENTERED ON NOVEMBER 10, 2011.
<hr style="border-top: 1px dashed #00AEEF;"/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON APRIL 15, 2011, THE CONNECTICUT BANKING COMMISSIONER ISSUED AN ORDER TO CEASE AND DESIST AND AN ORDER TO MAKE RESTITUTION (DOCKET NO. RCF-11-7794-S) AGAINST NEWBRIDGE SECURITIES CORPORATION, A CONNECTICUT-REGISTERED BROKER-DEALER. ON THE SAME DAY AND IN THE SAME ACTION, THE COMMISSIONER ISSUED A NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE WITH RESPECT TO THE FIRM. THE ACTION ALLEGED THAT NEWBRIDGE SECURITIES CORPORATION CHARGED ITS CUSTOMERS A TRANSACTIONAL "HANDLING FEE" THAT WAS UNRELATED TO ACTUAL TRANSACTION COSTS, AND THAT THE FIRM FAILED TO INFORM CUSTOMERS THAT THE FEE INCLUDED A PROFIT TO THE FIRM, THAT



CERTAIN CUSTOMERS PAID LOWER FEES AND THAT THE FEE WAS NOT BASED ON THE ACTUAL COST OF HANDLING A PARTICULAR TRANSACTION. SUCH CONDUCT ALLEGEDLY VIOLATED THE ANTIFRAUD PROVISIONS IN SECTION 36B-4(A) OF THE CONNECTICUT UNIFORM SECURITIES ACT AND CONSTITUTED A DISHONEST AND UNETHICAL PRACTICE. THE ACTION DIRECTED THE FIRM TO CEASE AND DESIST FROM REGULATORY VIOLATIONS AND TO REIMBURSE AFFECTED CONNECTICUT CUSTOMERS THE DIFFERENCE BETWEEN THE TRANSACTIONAL "HANDLING FEE" EACH CUSTOMER PAID AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET, CLEARING AND POSTAGE COSTS. THE FIRM WAS AFFORDED AN OPPORTUNITY TO REQUEST A HEARING ON THE ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE.

**Initiated By:** CONNECTICUT

**Date Initiated:** 04/15/2011

**Docket/Case Number:** RCF-11-7794-S

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Revocation

**Other Sanction(s)/Relief Sought:** 1. ORDER TO CEASE AND DESIST ISSUED 4/15/2011. 2. ORDER TO MAKE RESTITUTION ISSUED 4/15/2011. 3. NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER ISSUED 4/15/2011. 4. NOTICE OF INTENT TO FINE ISSUED 4/15/2011.

**Resolution:** Consent

**Resolution Date:** 11/10/2011

**Sanctions Ordered:** Monetary/Fine \$10,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** CONSENT ORDER ENTERED NOVEMBER 10, 2011. THE CONSENT ORDER DIRECTED THE FIRM TO 1) CEASE AND DESIST FROM REGULATORY VIOLATIONS; AND 2) WITH RESPECT TO TRANSACTIONS EFFECTED FROM JANUARY 1, 2008 FORWARD, REIMBURSE EACH CONNECTICUT CUSTOMER THE DIFFERENCE BETWEEN THE "HANDLING FEE" PAID PER TRANSACTION AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET AND CLEARING CHARGE AND THE POSTAGE FEE ASSESSED BY THE CLEARING FIRM. THE CONSENT ORDER ALSO FINED NEWBRIDGE SECURITIES CORPORATION \$10,000.

**Sanction Details:** SEE RESPONSE TO ITEM 13.B. FINE PAID PRIOR TO ENTRY OF CONSENT



ORDER ON NOVEMBER 10, 2011. NO PENALTY PORTION WAIVED.

### Firm Statement

THE FIRM WAS AFFORDED AN OPPORTUNITY TO REQUEST A HEARING ON THE ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, NOTICE OF INTENT TO REVOKE REGISTRATION AS A BROKER-DEALER AND NOTICE OF INTENT TO FINE. UPDATE: RESOLVED VIA CONSENT ORDER ENTERED ON NOVEMBER 10, 2011.

### Disclosure 17 of 29

#### Reporting Source:

Regulator

#### Current Status:

Final

#### Allegations:

FINRA RULE 2010, NASD RULES 2110, 3010(A), 3010(B): THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES RELATING TO PRIVATE OFFERINGS SOLD BY THE FIRM TO ITS CUSTOMERS; THUS, THE FIRM'S SUPERVISORY SYSTEM FOR PRIVATE OFFERINGS WAS DEFICIENT AND THE FIRM'S WRITTEN PROCEDURES FOR PRIVATE OFFERINGS WERE ALSO DEFICIENT, WHICH DID NOT IDENTIFY DUE DILIGENCE STEPS TO BE TAKEN FOR PRIVATE OFFERINGS. THE FIRM APPROVED FOR SALE, AND SOLD, VARIOUS PRIVATE OFFERINGS AND A PARTICULAR OFFERING WAS OF SUCH OFFERING AND WAS AN OFFERING IN A SERIES OF OFFERINGS BY AN ENTITY, A MEDICAL RECEIVABLES FINANCING COMPANY THAT RAISED APPROXIMATELY \$2.2 BILLION FROM OVER 20,000 INVESTORS THROUGH SEVERAL REGULATION D OFFERINGS. THE ENTITY MADE ALL INTEREST AND PRINCIPAL PAYMENTS ON THESE REGULATION D OFFERINGS UNTIL IT BEGAN EXPERIENCING LIQUIDITY PROBLEMS AND STOPPED MAKING PAYMENTS ON SOME OF ITS EARLIER OFFERINGS; NEVERTHELESS, THE ENTITY PROCEEDED WITH THE OFFERING OF THE PARTICULAR OFFERING IN THE SERIES OF OFFERINGS. THE SEC FILED A CIVIL INJUNCTIVE ACTION IN FEDERAL DISTRICT COURT IN WHICH IT SOUGHT AND WAS GRANTED A PRELIMINARY INJUNCTION TO STOP ALL OF THE ENTITY'S SALES, WITH THE SEC ALLEGING THAT THE ENTITY AND ITS EXECUTIVES DEFRAUDED INVESTORS IN THE PARTICULAR OFFERING THE ENTITY PROCEEDED WITH BY MISAPPROPRIATING APPROXIMATELY \$18.5 MILLION OF INVESTOR FUNDS; THE SEC ACTION IS PENDING. THE FIRM'S DUE DILIGENCE FOR THE OFFERING CONSISTED MERELY OF REVIEWING THE PRIVATE PLACEMENT MEMORANDUM AND INVESTOR SUBSCRIPTION DOCUMENTS; THE FIRM DID NOT SEEK OR OBTAIN FINANCIAL DOCUMENTS OR INFORMATION FROM THE ENTITY REGARDING THE OFFERING NOR DID THE FIRM OBTAIN ANY DUE DILIGENCE REPORT FOR THE OFFERING. THE FIRM APPROVED FOR SALE, AND SOLD A TOTALED \$258,597.16 TO ITS CUSTOMERS FOR INTERESTS IN ANOTHER ENTITY'S PRIVATE OFFERING, WHEN THE FIRM FAILED TO CONDUCT DUE



DILIGENCE FOR THESE OFFERINGS; AMONG OTHER THINGS, IT, DID NOT OBTAIN OFFERING DOCUMENTATION BEYOND THE INVESTOR SUBSCRIPTION DOCUMENTS. THE ENTITY AND ITS AFFILIATED COMPANIES LATER FILED FOR CHAPTER 11 BANKRUPTCY PROCEEDING IN FEDERAL COURT. THE FIRM SOLD ADDITIONAL UNREGISTERED OFFERINGS TO ITS CUSTOMERS AND FAILED TO CONDUCT ADEQUATE DUE DILIGENCE FOR EACH OF THESE OTHER OFFERINGS. THE FIRM'S DUE DILIGENCE CONSISTED SIMPLY OF OBTAINING INVESTOR SUBSCRIPTION DOCUMENTS. THE FIRM'S WRITTEN PROCEDURES FOR PRIVATE OFFERINGS WERE DEFICIENT, WHICH DID NOT IDENTIFY DUE DILIGENCE STEPS TO BE TAKEN FOR PRIVATE OFFERINGS; THEREBY IT FAILED TO MAINTAIN ADEQUATE WRITTEN SUPERVISORY PROCEDURES FOR PRIVATE OFFERINGS.

**Initiated By:** FINRA

**Date Initiated:** 03/01/2011

**Docket/Case Number:** [2009016159401](#)

**Principal Product Type:** Other

**Other Product Type(s):** PRIVATE OFFERINGS, PROMISSORY NOTES, AND REAL ESTATE INTEREST ASSETS

**Principal Sanction(s)/Relief Sought:** Other

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/01/2011

**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 \$25,000.00

**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 \$25,000. FINE PAID IN FULL ON 1/4/2013.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>FINRA RULE 2010, NASD RULES 2110, 3010(A), 3010(B): THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES RELATING TO PRIVATE OFFERINGS SOLD BY THE FIRM TO ITS CUSTOMERS; THUS, THE FIRM'S SUPERVISORY SYSTEM FOR PRIVATE OFFERINGS WAS DEFICIENT AND THE FIRM'S WRITTEN PROCEDURES FOR PRIVATE OFFERINGS WERE ALSO DEFICIENT, WHICH DID NOT IDENTIFY DUE DILIGENCE STEPS TO BE TAKEN FOR PRIVATE OFFERINGS. THE FIRM APPROVED FOR SALE, AND SOLD, VARIOUS PRIVATE OFFERINGS AND A PARTICULAR OFFERING WAS OF SUCH OFFERING AND WAS AN OFFERING IN A SERIES OF OFFERINGS BY AN ENTITY, A MEDICAL RECEIVABLES FINANCING COMPANY THAT RAISED APPROXIMATELY \$2.2 BILLION FROM OVER 20,000 INVESTORS THROUGH SEVERAL REGULATION D OFFERINGS. THE ENTITY MADE ALL INTEREST AND PRINCIPAL PAYMENTS ON THESE REGULATION D OFFERINGS UNTIL IT BEGAN EXPERIENCING LIQUIDITY PROBLEMS AND STOPPED MAKING PAYMENTS ON SOME OF ITS EARLIER OFFERINGS; NEVERTHELESS, THE ENTITY PROCEEDED WITH THE OFFERING OF THE PARTICULAR OFFERING IN THE SERIES OF OFFERINGS. THE SEC FILED A CIVIL INJUNCTIVE ACTION IN FEDERAL DISTRICT COURT IN WHICH IT SOUGHT AND WAS GRANTED A PRELIMINARY INJUNCTION TO STOP ALL OF THE ENTITY'S SALES, WITH THE SEC ALLEGING THAT THE ENTITY AND ITS EXECUTIVES DEFRAUDED INVESTORS IN THE PARTICULAR OFFERING THE ENTITY PROCEEDED WITH BY MISAPPROPRIATING APPROXIMATELY \$18.5 MILLION OF INVESTOR FUNDS; THE SEC ACTION IS PENDING. THE FIRM'S DUE DILIGENCE FOR THE OFFERING CONSISTED MERELY OF REVIEWING THE PRIVATE PLACEMENT MEMORANDUM AND INVESTOR SUBSCRIPTION DOCUMENTS; THE FIRM DID NOT SEEK OR OBTAIN FINANCIAL DOCUMENTS OR INFORMATION FROM THE ENTITY REGARDING THE OFFERING NOR DID THE FIRM OBTAIN ANY DUE DILIGENCE REPORT FOR THE OFFERING. THE FIRM APPROVED FOR SALE, AND SOLD A TOTALED \$258,597.16 TO ITS CUSTOMERS FOR INTERESTS IN ANOTHER ENTITY'S PRIVATE OFFERING, WHEN THE FIRM FAILED TO CONDUCT DUE DILIGENCE FOR THESE OFFERINGS; AMONG OTHER THINGS, IT, DID NOT OBTAIN OFFERING DOCUMENTATION BEYOND THE INVESTOR SUBSCRIPTION DOCUMENTS. THE ENTITY AND ITS AFFILIATED COMPANIES LATER FILED FOR CHAPTER 11 BANKRUPTCY PROCEEDING IN FEDERAL COURT. THE FIRM SOLD ADDITIONAL UNREGISTERED OFFERINGS TO ITS CUSTOMERS AND FAILED TO CONDUCT ADEQUATE DUE DILIGENCE FOR EACH OF THESE OTHER OFFERINGS. THE FIRM'S DUE DILIGENCE CONSISTED SIMPLY OF OBTAINING INVESTOR</p>



SUBSCRIPTION DOCUMENTS. THE FIRM'S WRITTEN PROCEDURES FOR PRIVATE OFFERINGS WERE DEFICIENT, WHICH DID NOT IDENTIFY DUE DILIGENCE STEPS TO BE TAKEN FOR PRIVATE OFFERINGS; THEREBY IT FAILED TO MAINTAIN ADEQUATE WRITTEN SUPERVISORY PROCEDURES FOR PRIVATE OFFERINGS.

**Initiated By:** FINRA

**Date Initiated:** 03/01/2011

**Docket/Case Number:** [2009016159401](#)

**Principal Product Type:** Other

**Other Product Type(s):** PRIVATE OFFERINGS, PROMISSORY NOTES AND REAL ESTATE INTEREST ASSETS

**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:** 03/01/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00

**Other Sanctions Ordered:** NONE

**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 \$25,000.

#### Disclosure 18 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTION 5 OF THE SECURITIES ACT OF 1933, SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934, SEC RULE 10B-5, FINRA AND NASD BY-LAWS ARTICLE V, SECTIONS 2 AND 3, NASD RULES 2110, 2120, 3010(A), 3011(A) AND (B), 3070, INTERPRETATIVE MATERIAL 1000-1, MSRB RULE G-41 - NEWBRIDGE SECURITIES CORPORATION FACILITATED THE MANIPULATIVE TRADING OF THE STOCK OF A COMPANY CREATED AS THE RESULT OF A REVERSE MERGER; ACCOUNTS AT THE FIRM WERE USED BY A GROUP OF CONTROL PERSONS AND PROMOTERS TO EXECUTE PRE-ARRANGED IN-HOUSE AGENCY CROSS AND WASH TRANSACTIONS THAT



WERE INTENDED TO GENERATE VOLUME AND SUPPORT OR INCREASE THE PRICE OF THE STOCK. THE FIRM PERMITTED CONTROL PERSONS OF UNREGISTERED PINK-SHEET SECURITIES TO SELL UNREGISTERED SHARES OF SECURITIES THROUGH FIRM ACCOUNTS AND THE SALES WERE NOT MADE IN COMPLIANCE WITH ANY APPLICABLE EXEMPTION FROM REGISTRATION. THE FIRM FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVES WHO PARTICIPATED IN THE SALES OF UNREGISTERED SECURITIES; FAILED TO TAKE ADEQUATE MEASURES TO ENSURE THAT THE REGISTERED REPRESENTATIVES ASSIGNED TO THE ACCOUNTS DID NOT ENGAGE IN THE SALE OF UNREGISTERED SECURITIES; FAILED TO TAKE STEPS TO ENSURE THAT THE REGISTERED REPRESENTATIVES ASCERTAINED WHETHER THE SECURITIES BEING SOLD WERE REGISTERED, HOW AND FROM WHOM THE CUSTOMERS HAD OBTAINED THEIR SHARES, WHETHER AND WHEN THE SHARES WERE PAID FOR, AND WHETHER THE TRANSACTIONS WERE SUBJECT TO ANY EXEMPTION FROM REGISTRATION; AND FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVES WHO PARTICIPATED IN THE MANIPULATIVE TRADING OF A STOCK. THE FIRM DID NOT HAVE ADEQUATE SYSTEMS OR CONTROLS TO IMPLEMENT AND ENFORCE ITS POLICIES, PARTICULARLY ADEQUATE SYSTEMS TO DETECT IMPROPER CROSS, WASH AND OTHER MANIPULATIVE TRADING. THE FIRM'S ANTI-MONEY LAUNDERING (AML) PROCEDURES REQUIRED THE FIRM TO INVESTIGATE RED FLAGS INDICATING SUSPICIOUS ACTIVITY OR TRANSACTIONS, TIMELY FILE SUSPICIOUS ACTIVITY REPORTS (SARS) AND TO INVESTIGATE AND TAKE APPROPRIATE STEPS, INCLUDING LIMITING ACCOUNT ACTIVITY, CONTACTING A GOVERNMENT AGENCY OR FILING A SAR BUT THE FIRM FAILED TO FOLLOW ITS AML PROGRAM IN REGARD TO THE MANIPULATIVE TRADING, UNREGISTERED DISTRIBUTIONS AND OTHER SUSPICIOUS ACTIVITIES. THE FIRM FAILED TO REPORT, OR TIMELY REPORT, CUSTOMER COMPLAINTS REPORTABLE UNDER NASD RULE 3070(C). THE FIRM FAILED TO FILE FORMS U4 OR U5 TO REPORT DISCLOSABLE EVENTS AND FAILED TO TIMELY AMEND A FORM U4 TO REPORT A DISCLOSABLE EVENT.

**Initiated By:** FINRA  
**Date Initiated:** 08/23/2010  
**Docket/Case Number:** [2007007151704](#)  
**Principal Product Type:** Penny Stock(s)  
**Other Product Type(s):** UNREGISTERED SECURITIES  
**Principal Sanction(s)/Relief Sought:** Other





<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	08/23/2010
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$600,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS, PROHIBITION
<b>Sanction Details:</b>	<p>FINRA FOUND THAT BY FACILITATING MANIPULATIVE TRADES, THE FIRM WILLFULLY VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT AND SEC RULE 10B-5. 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 \$600,000, AND REQUIRED TO HAVE ITS PRESIDENT AND CHIEF OPERATING OFFICER (CEO) REGISTER FOR EIGHT HOURS OF AML TRAINING WITHIN 60 DAYS OF ISSUANCE OF THIS AWC, PROVIDE FINRA WITH EVIDENCE OF REGISTRATIONS WITHIN 10 DAYS OF REGISTRATION, HAVE THE INDIVIDUALS ATTEND AND COMPLETE THE TRAINING WITHIN SIX MONTHS OF ISSUANCE OF THE AWC AND PROVIDE FINRA WITH EVIDENCE OF COMPLETION OF TRAINING WITHIN 10 DAYS OF COMPLETION. THE FIRM IS PROHIBITED FROM EFFECTING ANY PURCHASE TRANSACTIONS IN PENNY STOCKS FOR EITHER PROPRIETARY OR CUSTOMER ACCOUNTS, AND SHALL NOT ENGAGE IN MARKET MAKING OF SUCH STOCKS, FOR ONE YEAR FOLLOWING ACCEPTANCE OF THIS AWC. THE FIRM SHALL HIRE AN INDEPENDENT CONSULTANT TO REVIEW THE FIRM'S SYSTEMS RELATING TO TIMELY AND ACCURATE FILING OF FORMS U4 AND U5, DISCLOSURE EVENTS AND CUSTOMER COMPLAINTS UNDER NASD RULE 3070 AND WITHIN 60 DAYS AFTER DELIVERY OF A WRITTEN REPORT, ADOPT AND IMPLEMENT THE CONSULTANT'S RECOMMENDATIONS OR PROPOSE ALTERNATIVE PROCEDURES IN WRITING TO THE CONSULTANT AND FINRA. WITHIN 30 DAYS AFTER ISSUANCE OF THE CONSULTANT'S FINAL WRITTEN REPORT, THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT CERTIFIED BY A FIRM OFFICER. FINE PAID IN FULL ON 11/04/2013.</p>





**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SECTION 5 OF THE SECURITIES ACT OF 1933, SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934, SEC RULE 10B-5, FINRA AND NASD BY-LAWS ARTICLE V, SECTIONS 2 AND 3, NASD RULES 2110, 2120, 3010(A), 3011(A) AND (B), 3070, INTERPRETATIVE MATERIAL 1000-1, MSRB RULE G-41 - NEWBRIDGE SECURITIES CORPORATION FACILITATED THE MANIPULATIVE TRADING OF THE STOCK OF A COMPANY CREATED AS THE RESULT OF A REVERSE MERGER; ACCOUNTS AT THE FIRM WERE USED BY A GROUP OF CONTROL PERSONS AND PROMOTERS TO EXECUTE PRE-ARRANGED IN-HOUSE AGENCY CROSS AND WASH TRANSACTIONS THAT WERE INTENDED TO GENERATE VOLUME AND SUPPORT OR INCREASE THE PRICE OF THE STOCK. THE FIRM PERMITTED CONTROL PERSONS OF UNREGISTERED PINK-SHEET SECURITIES TO SELL UNREGISTERED SHARES OF SECURITIES THROUGH FIRM ACCOUNTS AND THE SALES WERE NOT MADE IN COMPLIANCE WITH ANY APPLICABLE EXEMPTION FROM REGISTRATION. THE FIRM FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVES WHO PARTICIPATED IN THE SALES OF UNREGISTERED SECURITIES; FAILED TO TAKE ADEQUATE MEASURES TO ENSURE THAT THE REGISTERED REPRESENTATIVES ASSIGNED TO THE ACCOUNTS DID NOT ENGAGE IN THE SALE OF UNREGISTERED SECURITIES; FAILED TO TAKE STEPS TO ENSURE THAT THE REGISTERED REPRESENTATIVES ASCERTAINED WHETHER THE SECURITIES BEING SOLD WERE REGISTERED, HOW AND FROM WHOM THE CUSTOMERS HAD OBTAINED THEIR SHARES, WHETHER AND WHEN THE SHARES WERE PAID FOR, AND WHETHER THE TRANSACTIONS WERE SUBJECT TO ANY EXEMPTION FROM REGISTRATION; AND FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVES WHO PARTICIPATED IN THE MANIPULATIVE TRADING OF A STOCK. THE FIRM DID NOT HAVE ADEQUATE SYSTEMS OR CONTROLS TO IMPLEMENT AND ENFORCE ITS POLICIES, PARTICULARLY ADEQUATE SYSTEMS TO DETECT IMPROPER CROSS, WASH AND OTHER MANIPULATIVE TRADING. THE FIRM'S ANTI-MONEY LAUNDERING (AML) PROCEDURES REQUIRED THE FIRM TO INVESTIGATE RED FLAGS INDICATING SUSPICIOUS ACTIVITY OR TRANSACTIONS, TIMELY FILE SUSPICIOUS ACTIVITY REPORTS (SARS) AND TO INVESTIGATE AND TAKE APPROPRIATE STEPS, INCLUDING LIMITING ACCOUNT ACTIVITY, CONTACTING A GOVERNMENT AGENCY OR FILING A SAR BUT THE FIRM FAILED TO FOLLOW ITS AML PROGRAM IN REGARD TO THE MANIPULATIVE TRADING, UNREGISTERED DISTRIBUTIONS AND OTHER SUSPICIOUS ACTIVITIES. THE FIRM FAILED TO REPORT, OR TIMELY REPORT, CUSTOMER COMPLAINTS REPORTABLE UNDER NASD RULE 3070(C). THE FIRM FAILED TO FILE FORMS U4 OR U5 TO REPORT DISCLOSABLE EVENTS AND FAILED TO TIMELY AMEND A FORM U4 TO REPORT A DISCLOSABLE EVENT.



**Initiated By:** FINRA  
**Date Initiated:** 08/23/2010  
**Docket/Case Number:** [2007007151704](#)  
**Principal Product Type:** Penny Stock(s)  
**Other Product Type(s):** UNREGISTERED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 08/23/2010  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$600,000.00  
**Other Sanctions Ordered:** UNDERTAKINGS, PROHIBITION  
**Sanction Details:** FINRA FOUND THAT BY FACILITATING MANIPULATIVE TRADES, THE FIRM WILLFULLY VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT AND SEC RULE 10B-5. 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 \$600,000, AND REQUIRED TO HAVE ITS PRESIDENT AND CHIEF OPERATING OFFICER (CEO) REGISTER FOR EIGHT HOURS OF AML TRAINING WITHIN 60 DAYS OF ISSUANCE OF THIS AWC, PROVIDE FINRA WITH EVIDENCE OF REGISTRATIONS WITHIN 10 DAYS OF REGISTRATION, HAVE THE INDIVIDUALS ATTEND AND COMPLETE THE TRAINING WITHIN SIX MONTHS OF ISSUANCE OF THE AWC AND PROVIDE FINRA WITH EVIDENCE OF COMPLETION OF TRAINING WITHIN 10 DAYS OF COMPLETION. THE FIRM IS PROHIBITED FROM EFFECTING ANY PURCHASE TRANSACTIONS IN PENNY STOCKS FOR EITHER PROPRIETARY OR CUSTOMER ACCOUNTS, AND SHALL NOT ENGAGE IN MARKET MAKING OF SUCH STOCKS, FOR ONE YEAR FOLLOWING ACCEPTANCE OF THIS AWC. THE FIRM SHALL HIRE AN INDEPENDENT CONSULTANT TO REVIEW THE FIRM'S SYSTEMS RELATING TO TIMELY AND ACCURATE FILING OF FORMS U4 AND U5, DISCLOSURE EVENTS AND CUSTOMER COMPLAINTS UNDER NASD RULE 3070 AND WITHIN 60 DAYS AFTER DELIVERY OF A WRITTEN REPORT, ADOPT AND IMPLEMENT THE CONSULTANT'S RECOMMENDATIONS OR PROPOSE ALTERNATIVE PROCEDURES IN WRITING TO THE CONSULTANT AND FINRA. WITHIN 30 DAYS AFTER ISSUANCE OF THE CONSULTANT'S FINAL WRITTEN REPORT, THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT CERTIFIED BY A FIRM OFFICER.



## Disclosure 19 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 2440, 4632(C)(3), 4632(C)(5), 4632(D), 6130(D), 6955(A), INTERPRETATIVE MATERIAL 2440 - NEWBRIDGE SECURITIES CORPORATION SOLD (BOUGHT) CORPORATE BONDS TO (FROM)CUSTOMERS AND FAILED TO SELL (BUY) SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT. THE FIRM FAILED TO REPORT THE CORRECT PRICE OF THE TRANSACTION TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) IN LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO REPORT THE CORRECT TIME OF EXECUTION TO THE FINRA/NASDAQ TRF IN ONE LAST SALE REPORT OF A DESIGNATED SECURITY TRANSACTION. THE FIRM FAILED TO SUBMIT TO THE FINRA/NASDAQ TRF, FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL" OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE REPORTS CONTAINED INACCURATE TIMESTAMPS, OMITTED OR INACCURATE ACCOUNT TYPE CODES AND OMITTED THE TIME IN FORCE. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRF THE CORRECT SYMBOL INDICATING WHETHER TRANSACTIONS WERE BUY, SELL, SELL SHORT OR CROSS FOR TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM FAILED TO SUBMIT ROUTE AND EXECUTION REPORTS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	11/04/2009
<b>Docket/Case Number:</b>	<a href="#">2007007600801</a>
<b>Principal Product Type:</b>	Debt - Corporate
<b>Other Product Type(s):</b>	DESIGNATED SECURITIES; REPORTABLE SECURITIES



**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/04/2009

**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 \$37,500.00  
Disgorgement/Restitution

**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, FINED \$37,500 AND ORDERED TO PAY \$4,063.95, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. A REGISTERED PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2440, 4632(C)(3), 4632(C)(5), 4632(D), 6130(D), 6955(A), INTERPRETATIVE MATERIAL 2440 - NEWBRIDGE SECURITIES CORPORATION SOLD (BOUGHT) CORPORATE BONDS TO (FROM)CUSTOMERS AND FAILED TO SELL (BUY) SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT. THE FIRM FAILED TO REPORT



THE CORRECT PRICE OF THE TRANSACTION TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) IN LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO REPORT THE CORRECT TIME OF EXECUTION TO THE FINRA/NASDAQ TRF IN ONE LAST SALE REPORT OF A DESIGNATED SECURITY TRANSACTION. THE FIRM FAILED TO SUBMIT TO THE FINRA/NASDAQ TRF, FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL" OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE REPORTS CONTAINED INACCURATE TIMESTAMPS, OMITTED OR INACCURATE ACCOUNT TYPE CODES AND OMITTED THE TIME IN FORCE. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRF THE CORRECT SYMBOL INDICATING WHETHER TRANSACTIONS WERE BUY, SELL, SELL SHORT OR CROSS FOR TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM FAILED TO SUBMIT ROUTE AND EXECUTION REPORTS.

**Initiated By:** FINRA

**Date Initiated:** 11/04/2009

**Docket/Case Number:** [2007007600801](#)

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):** EQUITY-OTC

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE  
RESTITUTION

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/04/2009

**Sanctions Ordered:** Censure  
Monetary/Fine \$37,500.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** RESTITUTION OF \$4,063.95 PLUS INTEREST

**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 \$37,500 AND ORDERED TO PAY \$4,063.95, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. A REGISTERED PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC.

## Disclosure 20 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULES 10B-10, 17A-3, 17A-4, NASD RULES 2110, 2320, 3110, 6955(A) - NEWBRIDGE SECURITIES CORPORATION, IN TRANSACTIONS FOR OR WITH A CUSTOMER, FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS); INCORRECTLY SUBMITTED ROUTE REPORTS INSTEAD OF EXECUTION REPORTS TO OATS, AND FAILED TO SUBMIT THE EXECUTION REPORTS WITH A CODE TO INDICATE THAT THE TRANSACTIONS WERE EXECUTED AS RISKLESS PRINCIPAL. THE FIRM, WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS THAT THE CHARGE TO THE CUSTOMERS WAS A COMMISSION EQUIVALENT RATHER THAN A COMMISSION AND, ON ONE OCCASION, WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE CORRECT REPORTED TRADE PRICE. THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION AND THE TIME OF ENTRY ON BROKERAGE ORDER MEMORANDA. THE FIRM FAILED TO SHOW THE CORRECT ORDER RECEIPT TIME ON ONE BROKERAGE ORDER MEMORANDUM AND THE CORRECT ACCOUNT IDENTIFIER ON ONE MEMORANDUM. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO PROPERLY MARK THE FIRM'S LEDGER AS SHORT FOR THE TRANSACTIONS. THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, BROKERAGE ORDER MEMORANDA AND CONFIRMATIONS FOR THE PURCHASE AND SALE OF A SECURITY AND A COPY OF THE NOTICE OF ALL OTHER DEBITS AND CREDITS FOR SECURITIES AND OTHER ITEMS FOR THE ACCOUNT OF A CUSTOMER.
<b>Initiated By:</b>	FINRA



**Date Initiated:** 10/21/2008

**Docket/Case Number:** [2006006351401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPES OF SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/21/2008

**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 \$27,500.00  
Disgorgement/Restitution

**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, FINED \$27,500 AND ORDERED TO \$17,345, PLUS INTEREST, IN RESTITUTION TO PUBLIC CUSTOMERS. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION SHALL BE PROVIDED TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH THE ROUTINE 2006 TRADING AND MARKET MAKING SURVEILLANCE EXAMINATION OF THE FIRM, FINRA MADE CERTAIN FINDINGS AS TO ALLEGED VIOLATIONS OF SEC RULES 10B-10, 17A-3, 17A-



4, AND NASD RULES 2110, 2320, 3110 AND 6955(A), TO WIT: (A) IN FIVE TRANSACTIONS, THE FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; (B) FAILED TO SUBMIT CERTAIN DATA, AND INCORRECTLY REPORTED CERTAIN OTHER DATA, TO OATS; (C) IN FIVE TRANSACTIONS, FAILED TO PROVIDE WRITTEN NOTIFICATION TO CLIENTS THAT CHARGE WAS A COMMISSION EQUIVALENT RATHER THAN A COMMISSION, AND IN ONE INSTANCE FAILED TO PROVIDE WRITTEN NOTIFICATION TO CLIENT OF CORRECT REPORTED TRADE PRICE; (D) FAILED TO SHOW CORRECT EXECUTION AND ORDER ENTRY TIME ON FOUR ORDER MEMORANDA, AND CORRECT ORDER RECEIPT TIME AND ACCOUNT IDENTIFIER ON ONE ORDER MEMORANDUM, AND FAILED TO MARK THE FIRM'S LEDGER AS "SHORT" ON CERTAIN SALE TRANSACTIONS; AND (E) FAILED TO PRESERVE MEMORANDA OF SIX BROKERAGE ORDERS, ONE CONFIRMATION FOR THE PURCHASE AND SALE OF A SECURITY, AND A COPY OF THE NOTICE OF ALL OTHER DEBITS AND CREDITS FOR SECURITIES AND OTHER ITEMS FOR THE ACCOUNT OF A CUSTOMER.

**Initiated By:** FINRA

**Date Initiated:** 10/21/2008

**Docket/Case Number:** [2006006351401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPES OF SECURITIES

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

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/21/2008

**Sanctions Ordered:** Censure  
Monetary/Fine \$27,500.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO A CENSURE AND AGREED TO PAY A FINE OF \$27,500, PLUS RESTITUTION TO FOUR CUSTOMERS, IN THE TOTAL AMOUNT OF \$17,345 (PLUS INTEREST).





## Disclosure 21 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>SEC ADMIN RELEASES 33-8946, 34-58223, JULY 25, 2008: THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (COMMISSION) ANNOUNCED THE ISSUANCE OF AN ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (ORDER) AGAINST NEWBRIDGE SECURITIES CORP. THE DIVISION OF ENFORCEMENT ALLEGES IN THE ORDER THAT IN 2003 AND 2004, WHILE ASSOCIATED WITH NEWBRIDGE, A REGISTERED REPRESENTATIVE USED NEWBRIDGE'S MARKET MAKING CAPACITY TO MANIPULATE THE SHARES OF SECURITIES. THE ORDER FURTHER ALLEGES THAT NEWBRIDGE PARTICIPATED IN THE UNREGISTERED DISTRIBUTION OF SECURITIES. THE ORDER ALLEGES THAT IN OCTOBER 2002 AND DECEMBER 2003, NEWBRIDGE WAS ADVISED BY THE COMMISSION'S EXAMINATION STAFF OF SUPERVISORY FAILURES AT NEWBRIDGE'S TRADING DESK. THE ORDER ALSO ALLEGES THAT, DESPITE THESE WARNINGS, NEWBRIDGE FAILED TO DEVELOP AND IMPLEMENT POLICIES, PROCEDURES, AND SYSTEMS REASONABLY DESIGNED TO PREVENT AND DETECT MANIPULATION OF SECURITIES AND NEWBRIDGE'S PARTICIPATION IN THE UNREGISTERED DISTRIBUTION. THE ORDER FURTHER ALLEGES THAT NEWBRIDGE, AND NEWBRIDGE'S PRESIDENT AND CHIEF EXECUTIVE OFFICER, FAILED REASONABLY TO SUPERVISE THE REGISTERED REPRESENTATIVE IN CONNECTION WITH HIS ACTIVITIES IN THE SECURITIES. IN ADDITION, THE ORDER FURTHER ALLEGES THAT NEWBRIDGE'S HEAD TRADER, FAILED REASONABLY TO SUPERVISE IN CONNECTION WITH THE MANIPULATION OF SECURITIES. THE ORDER ALSO ALLEGES THAT NEWBRIDGE VIOLATED THE FEDERAL SECURITIES LAWS IN CONNECTION WITH TWO INITIAL PUBLIC OFFERINGS WHEN ITS REGISTERED REPRESENTATIVES SENT DETAILED EMAILS CONCERNING THE OFFERINGS TO CUSTOMERS DURING THE "WAITING PERIOD," THE PERIOD AFTER A REGISTRATION STATEMENT IS FILED WITH THE COMMISSION BUT BEFORE THE COMMISSION DECLARES IT EFFECTIVE.</p>
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	07/25/2008
<b>Docket/Case Number:</b>	SEC FILE 3-13099
<b>Principal Product Type:</b>	Other



**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES.

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

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 03/06/2009

**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 \$80,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING: TO RETAIN, WITHIN 30 DAYS OF THE DATE OF ENTRY OF THE ORDER, AT ITS OWN EXPENSE, THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE DIVISION OF ENFORCEMENT OF THE COMMISSION, TO (I) REVIEW NEWBRIDGE'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES; AND (II) REVIEW NEWBRIDGE'S SYSTEM FOR IMPLEMENTING ITS SUPERVISORY POLICES AND PROCEDURES. TO REQUIRE THE INDEPENDENT CONSULTANT, AT THE CONCLUSION OF THE REVIEW, WHICH IN NO EVENT SHALL BE MORE THAN 120 DAYS AFTER THE ENTRY OF THE ORDER, TO SUBMIT A REPORT TO NEWBRIDGE AND THE DIVISION. THE REPORT SHALL ADDRESS THE SUPERVISORY ISSUES DESCRIBED AND SHALL INCLUDE A DESCRIPTION OF THE REVIEW PERFORMED, THE CONCLUSIONS REACHED, THE INDEPENDENT CONSULTANT'S RECOMMENDATIONS FOR CHANGES OR IMPROVEMENTS TO THE POLICIES, PROCEDURES, AND PRACTICES OF NEWBRIDGE AND A PROCEDURE FOR IMPLEMENTING THE RECOMMENDED CHANGES OR IMPROVEMENTS TO SUCH POLICIES, PROCEDURES, AND PRACTICES. TO ADOPT, IMPLEMENT, AND MAINTAIN ALL POLICIES, PROCEDURES, AND PRACTICES RECOMMENDED IN THE REPORT OF THE INDEPENDENT CONSULTANT. AS TO ANY OF THE INDEPENDENT CONSULTANT'S RECOMMENDATIONS ABOUT WHICH NEWBRIDGE AND THE INDEPENDENT CONSULTANT DO NOT AGREE, SUCH PARTIES SHALL ATTEMPT IN GOOD FAITH TO REACH AGREEMENT WITHIN 180 DAYS OF THE DATE OF THE ENTRY OF THE ORDER. IN THE EVENT THAT NEWBRIDGE AND THE INDEPENDENT CONSULTANT ARE UNABLE TO AGREE ON AN ALTERNATIVE



PROPOSAL, NEWBRIDGE WILL ABIDE BY THE DETERMINATIONS OF THE INDEPENDENT CONSULTANT AND ADOPT THOSE RECOMMENDATIONS DEEMED APPROPRIATE BY THE INDEPENDENT CONSULTANT. TO COOPERATE FULLY WITH THE INDEPENDENT CONSULTANT IN ITS REVIEW, INCLUDING MAKING SUCH INFORMATION AND DOCUMENTS AVAILABLE AS THE INDEPENDENT CONSULTANT MAY REASONABLY REQUEST, AND BY PERMITTING AND REQUIRING NEWBRIDGE'S EMPLOYEES AND AGENTS TO SUPPLY SUCH INFORMATION AND DOCUMENTS AS THE INDEPENDENT CONSULTANT MAY REASONABLY REQUEST.

**Sanction Details:**

SEC ADMIN RELEASES 33-9011, 34-59528, MARCH 6, 2009: SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT FOR THE COMMISSION'S JURISDICTION OVER RESPONDENT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER MAKING FINDINGS AND IMPOSING A CEASE-AND-DESIST ORDER AND REMEDIAL SANCTIONS PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("ORDER"). NEWBRIDGE WILLFULLY VIOLATED SECTIONS 5(A), 5(B) AND 5(C) OF THE SECURITIES ACT. THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT NEWBRIDGE'S OFFER: NEWBRIDGE SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING VIOLATIONS OF AND ANY FUTURE VIOLATIONS OF SECTIONS 5(A), 5(B), AND 5(C) OF THE SECURITIES ACT; NEWBRIDGE SHALL BE, AND HEREBY IS CENSURED; NEWBRIDGE SHALL PAY DISGORGEMENT IN THE AMOUNT OF \$206,711, PLUS PREJUDGMENT INTEREST IN THE AMOUNT OF \$1,722, AND A CIVIL MONEY PENALTY IN THE AMOUNT OF \$80,000 TO THE UNITED STATES TREASURY WITHIN TEN (10) DAYS AFTER ENTRY OF THIS ORDER. NEWBRIDGE SHALL COMPLY WITH ITS UNDERTAKING AS ENUMERATED.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

SEC ADMIN RELEASES 33-8946, 34-58223, JULY 25, 2008: THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (COMMISSION) ANNOUNCED THE ISSUANCE OF AN ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (ORDER) AGAINST NEWBRIDGE SECURITIES CORP. THE DIVISION OF ENFORCEMENT



ALLEGED IN THE ORDER THAT IN 2003 AND 2004, WHILE ASSOCIATED WITH NEWBRIDGE, A REGISTERED REPRESENTATIVE USED NEWBRIDGE'S MARKET MAKING CAPACITY TO MANIPULATE THE SHARES OF SECURITIES. THE ORDER FURTHER ALLEGES THAT NEWBRIDGE PARTICIPATED IN THE UNREGISTERED DISTRIBUTION OF SECURITIES. THE ORDER ALSO ALLEGES THAT, DESPITE CERTAIN ALLEGED WARNINGS, NEWBRIDGE FAILED TO DEVELOP AND IMPLEMENT POLICIES, PROCEDURES, AND SYSTEMS REASONABLY DESIGNED TO PREVENT AND DETECT MANIPULATION OF SECURITIES AND NEWBRIDGE'S PARTICIPATION IN THE UNREGISTERED DISTRIBUTION. THE ORDER ALSO ALLEGES THAT NEWBRIDGE VIOLATED FEDERAL PROSPECTUS DISTRIBUTION REQUIREMENTS ARISING FROM ALLEGED EMAILS WITH CUSTOMERS DURING THE WAITING PERIOD FOR TWO INITIAL PUBLIC OFFERINGS.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 07/25/2008

**Docket/Case Number:** SEC FILE 3-13099

**Principal Product Type:** Penny Stock(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Disgorgement

**Other Sanction(s)/Relief Sought:** CIVIL PENALTIES

**Resolution:** Order

**Resolution Date:** 03/06/2009

**Sanctions Ordered:** Censure  
Monetary/Fine \$80,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING: TO RETAIN THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE DIVISION OF ENFORCEMENT OF THE COMMISSION, TO (I) REVIEW NEWBRIDGE'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES; AND (II) REVIEW NEWBRIDGE'S SYSTEM FOR IMPLEMENTING ITS SUPERVISORY POLICIES AND PROCEDURES. NEWBRIDGE WILL COOPERATE FULLY WITH THE INDEPENDENT CONSULTANT IN ITS REVIEW, INCLUDING MAKING SUCH INFORMATION AND DOCUMENTS AVAILABLE AS THE INDEPENDENT CONSULTANT MAY REASONABLY REQUEST, AND BY PERMITTING AND REQUIRING NEWBRIDGE'S EMPLOYEES AND AGENTS TO SUPPLY SUCH INFORMATION AND DOCUMENTS AS THE INDEPENDENT CONSULTANT MAY



REASONABLY REQUEST.

**Sanction Details:**

SEC ADMIN RELEASES 33-9011, 34-59528, MARCH 6, 2009: SOLELY FOR THE PURPOSE OF THE SUBJECT PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS THEREIN, EXCEPT FOR THE COMMISSION'S JURISDICTION OVER NEWBRIDGE AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, NEWBRIDGE CONSENTS TO THE ENTRY OF THIS ORDER MAKING FINDINGS, AND NEWBRIDGE SHALL PAY DISGORGEMENT IN THE AMOUNT OF \$206,711, PLUS PREJUDGMENT INTEREST IN THE AMOUNT OF \$1,722, AND A CIVIL MONEY PENALTY IN THE AMOUNT OF \$80,000 TO THE UNITED STATES TREASURY WITHIN TEN (10) DAYS AFTER ENTRY OF THIS ORDER. NEWBRIDGE SHALL COMPLY WITH ITS UNDERTAKING AS ENUMERATED. THIS ORDER IS REALTED TO THE FIRM ONLY. A SEPARATE ORDER WAS ISSUED REGARDING MR. VALLEJO.

**Disclosure 22 of 29**

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

VIOLETIONS OF NASD RULES 2110, 2210, 2440, 3011, 3070, 3010(A), 3010(B), 3010(D)(2), MSRB RULE G-41, INTERPRETIVE MATERIAL 2440 AND 1000-4:

RESPONDENT MEMBER FIRM CHARGED EXCESSIVE MARKUPS/MARKDOWNS ON CUSTOMER PURCHASES AND SALES OF A STOCK. ACTING THROUGH AN INDIVIDUAL AND FAILED TO REASONABLY SUPERVISE THE MARKUPS/MARKDOWNS CHARGED IN STOCK TO ENSURE THAT THEY WERE NOT EXCESSIVE;  
IT FAILED TO DEVELOP AND IMPLEMENT A WRITTEN ANTI-MONEY LAUNDERING PROGRAM REASONABLY DESIGNED TO ACHIEVE AND MONITOR THE MEMBER'S COMPLIANCE WITH THE REQUIREMENTS OF THE BANK SECRECY ACT AND THE REGULATIONS PROMULGATED THEREUNDER; FAILED TO TIMELY REPORT CUSTOMER COMPLAINTS. ACTING THROUGH AN INDIVIDUAL, THE FIRM APPROVED THE USE OF VARIABLE ANNUITY SEMINAR MATERIALS THAT CONTAINED MISLEADING STATEMENTS, MATERIAL OMISSIONS, AND INADEQUATE RISK DISCLOSURES. IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS. FAILED TO FILE AN APPLICATION FOR APPROVAL OF A MATERIAL CHANGE IN BUSINESS ACTIVITY AND FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF NASD RULE 1017; FAILED TO REGISTER ITS MEDFORD



OFFICE AS A BRANCH OFFICE.

**Initiated By:** FINRA

**Date Initiated:** 03/14/2008

**Docket/Case Number:** [E072003019507](#)

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

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/14/2008

**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:** Monetary/Fine \$177,500.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** A ONE YEAR PRE-USE FILING REQUIREMENT WITH THE FINRA ADVERTISING DEPARTMENT FOR ALL CUSTOMER ADVERTISEMENTS AND SALES LITERATURE RELATING TO SEMINARS OFFERED BY THE FIRM AND/OR ITS REPRESENTATIVES.

**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 FINED \$177,500 OF WHICH \$20,000 IS JOINTLY AND SEVERALLY; AND ORDERED TO PAY \$61,416.35 PLUS INTEREST IN RESTITUTION TO THE CUSTOMERS. IF FOR ANY REASON CUSTOMER CANNOT BE LOCATED, AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY THE STAFF, RESPONDENT 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. FINE PAID IN FULL APRIL 5, 2012.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH ROUTINE EXAMINATION OF FIRM COVERING TIME PERIOD FROM APRIL 2002 THROUGH MARCH 2004, NASD ALLEGED VIOLATIONS OF NASD RULES 2110, 2210, 2440, 3011, 3070, 3010(A), 3010(B), 3010(D)(2), MSRB RULE G-41, INTERPRETIVE MATERIAL 2440 AND 1000-4: SPECIFIC ALLEGATIONS INCLUDED EXCESSIVE MARKUPS/MARKDOWNS ON CUSTOMER PURCHASES AND SALES OF A STOCK IN 2003, AND FAILURE TO REASONABLY SUPERVISE THE MARKUPS/MARKDOWNS CHARGED IN THAT STOCK TO ENSURE THAT THEY WERE NOT EXCESSIVE; FROM APRIL 2002 THROUGH AUGUST 15, 2003, FAILURE TO DEVELOP AND IMPLEMENT A WRITTEN ANTI-MONEY LAUNDERING PROGRAM REASONABLY DESIGNED TO ACHIEVE AND MONITOR THE MEMBER'S COMPLIANCE WITH CERTAIN REQUIREMENTS OF THE BANK SECRECY ACT AND THE REGULATIONS PROMULGATED THEREUNDER; FAILURE TO TIMELY REPORT CUSTOMER COMPLAINTS; IN FEBRUARY 2003, APPROVED THE USE OF VARIABLE ANNUITY SEMINAR MATERIALS THAT CONTAINED MISLEADING STATEMENTS, MATERIAL OMISSIONS, AND INADEQUATE RISK DISCLOSURES; FAILURE TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH CERTAIN RULES AND REGULATIONS FROM APRIL 2002 THROUGH AUGUST 15, 2003; FAILURE TO FILE AN APPLICATION FOR APPROVAL OF A MATERIAL CHANGE IN BUSINESS ACTIVITY AND TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF NASD RULE 1017; FAILURE TO REGISTER ITS MEDFORD OFFICE AS A BRANCH OFFICE.

**Initiated By:** FINRA

**Date Initiated:** 03/14/2008

**Docket/Case Number:** [E072003019507](#)

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

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/14/2008

**Sanctions Ordered:** Monetary/Fine \$177,500.00





Disgorgement/Restitution

**Other Sanctions Ordered:**

A ONE YEAR PRE-USE FILING REQUIREMENT WITH THE FINRA ADVERTISING DEPARTMENT FOR ALL CUSTOMER ADVERTISEMENTS AND SALES LITERATURE RELATING TO SEMINARS OFFERED BY THE FIRM AND/OR ITS REPRESENTATIVES.

**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 FINED \$177,500 OF WHICH \$20,000 IS JOINT AND SEVERAL; AND ORDERED TO PAY \$61,416.35 PLUS INTEREST IN RESTITUTION TO THE CUSTOMERS. IN ADDITION, CONTROL PERSONS ERIC VALLEJO AND KENNETH BROWN WERE ISSUED 15 DAY SUSPENSIONS EACH. THE SUSPENSIONS START ON APRIL 7, 2008 AND END ON APRIL 21, 2008.

**Disclosure 23 of 29**

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

NASD RULES 2110, 2440, NASD INTERPRETATIVE MATERIAL-2440 - NEWBRIDGE SECURITIES CORPORATION SOLD CORPORATE BONDS TO AND/OR PURCHASED CORPORATE BONDS FROM CUSTOMERS AND FAILED TO SELL OR PURCHASE SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF THE TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT.

**Initiated By:**

FINRA

**Date Initiated:**

01/25/2008

**Docket/Case Number:**

20050001611-01

**Principal Product Type:**

Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:**

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

01/25/2008





**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:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000. THE FIRM VOLUNTARILY MADE RESTITUTION TO CUSTOMERS INVOLVED IN THE TRANSACTIONS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2440, NASD INTERPRETATIVE MATERIAL-2440 - NEWBRIDGE SECURITIES CORPORATION SOLD CORPORATE BONDS TO AND/OR PURCHASED CORPORATE BONDS FROM CUSTOMERS AND FAILED TO SELL OR PURCHASE SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF THE TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT.

**Initiated By:** FINRA

**Date Initiated:** 01/25/2008

**Docket/Case Number:** 20050001611-01

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/25/2008

**Sanctions Ordered:** Monetary/Fine \$5,000.00



## Other Sanctions Ordered:

### Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5000. THE FIRM VOLUNTARILY MADE RESTITUTION TO CUSTOMERS INVOLVED IN THE TRANSACTIONS.

### Firm Statement

THIS LETTER OF ACCEPTANCE, WAIVER AND CONSENT RESOLVED FINRA STAFF'S CONCERNS REGARDING MARK-UPS AND MARKDOWNS ON ELEVEN (11) FIXED INCOME TRANSACTIONS OCCURRING DURING THE TIME PERIOD FROM APRIL 2004 THROUGH MARCH 2005. MOST OF THE TRANSACTIONS INVOLVED SMALL "ODD LOTS" OF CORPORATE BONDS. IN MOST CASES, THE MARK-UPS/MARK-DOWNS WERE BELOW FIVE PERCENT (EVEN AS CALCULATED BY THE STAFF), AND THE FIRM MADE VOLUNTARY RESTITUTION TO CLIENTS IN THE TOTAL AMOUNT OF \$2,112.48 (IN AMOUNTS RANGING FROM \$65 TO \$323). WITHOUT ADMITTING OR DENYING THE STAFF'S FINDINGS, THE FIRM CONSENTED TO A \$5,000 FINE TO RESOLVE THE MATTER.

## Disclosure 24 of 29

### Reporting Source:

Regulator

### Current Status:

Final

### Allegations:

SEC RULES 10B-10, 11AC1-5, 11AC1-6, 17A-3, NASD RULES 2110, 2320, 3010, 3110, 4632(D)(3)(B), 4642(D)(3)(B), 5430(B), 6130(B), 6130(D), 6620(D)(3)(B) - NEWBRIDGE SECURITIES CORP. FAILED TO ACCEPT OR DECLINE IN NASDAQ MARKET CENTER TRANSACTIONS IN ELIGIBLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION THAT THE FIRM HAD AN OBLIGATION TO ACCEPT OR DECLINE IN NASDAQ MARKET CENTER AS THE OEID; FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY; FAILED TO SHOW THE TERMS AND CONDITIONS, TIME OF ENTRY, CORRECT TIME OF ENTRY, CORRECT TIME OF EXECUTION, TIME OF EXECUTION ON BROKERAGE ORDER MEMORANDA; FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER IT EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL, RISKLESS PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT UNIT PRICE FOR TRANSACTIONS IN ELIGIBLE SECURITIES; WHEN THE FIRM ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT REPORTED TRADE PRICE OR THAT IT WAS A MARKET MAKER IN THE SECURITY; MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES IT RECEIVED FOR EXECUTION FROM ANY PERSON THAT CONTAINED INCORRECT INFORMATION AS TO THE NUMBER OF COVERED ORDERS AND CUMULATIVE NUMBER OF



SHARES OF COVERED ORDERS; FAILED TO MAKE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING A QUARTER; [CONTINUED IN COMMENTS]

**Initiated By:** NASD

**Date Initiated:** 04/10/2007

**Docket/Case Number:** [2005000081103](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** ELIGIBLE SECURITIES, NASDAQ NATIONAL MARKET SECURITIES, SMALLCAP MARKET SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/10/2007

**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 \$70,000.00

**Other Sanctions Ordered:** UNDERTAKING

**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 \$70,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION, TRADE REPORTING, SHORT SALES AND RECORDKEEPING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Regulator Statement** THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BEST



EXECUTION, TRADE REPORTING, SHORT SALES AND RECORDKEEPING; THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THE FIRM WOULD DOCUMENT REVIEWS TO ENSURE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING REGULAR AND RIGOROUS REVIEWS AND THE THREE QUOTE RULE; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN NNM SECURITIES AND INCORRECTLY REPORTED THAT IT EXECUTED THE TRANSACTIONS IN AN AGENCY CAPACITY INSTEAD OF IN A PRINCIPAL CAPACITY WITHOUT SUBMITTING SEPARATE CLEARING ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL"; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN SMALLCAP MARKET AND OTC EQUITY SECURITIES AND REPORTED THAT IT EXECUTED THE TRANSACTIONS IN A PRINCIPAL ONLY CAPACITY WITHOUT SUBMITTING SEPARATE CLEARING ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL"; FAILED TO REPORT THE CORRECT SYMBOL INDICATING IF IT EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT WHETHER TRANSACTIONS WERE BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR TRANSACTIONS IN ELIGIBLE SECURITIES; FAILED TO REPORT THROUGH NASDAQ MARKET CENTER OR TRACS LAST SALE REPORTS OF TRANSACTIONS IN NASDAQ SECURITIES.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULES 10B-10, 11AC1-5, 11AC1-6, 17A-3, NASD RULES 2110, 2320, 3010, 3110, 4632(D)(3)(B), 4642(D)(3)(B), 5430(B), 6130(B), 6130(D), 6620(D)(3)(B) - NEWBRIDGE SECURITIES CORP. FAILED TO ACCEPT OR DECLINE IN NASDAQ MARKET CENTER TRANSACTIONS IN ELIGIBLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION THAT THE FIRM HAD AN OBLIGATION TO ACCEPT OR DECLINE IN NASDAQ MARKET CENTER AS THE OEID; FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY; FAILED TO SHOW THE TERMS AND CONDITIONS, TIME OF ENTRY, CORRECT TIME OF ENTRY, CORRECT TIME OF EXECUTION, TIME OF EXECUTION ON BROKERAGE ORDER MEMORANDA; FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER IT EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL, RISKLESS PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT UNIT PRICE FOR TRANSACTIONS IN ELIGIBLE SECURITIES; WHEN THE FIRM ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT REPORTED TRADE PRICE OR THAT IT WAS A MARKET MAKER IN THE



SECURITY; MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES IT RECEIVED FOR EXECUTION FROM ANY PERSON THAT CONTAINED INCORRECT INFORMATION AS TO THE NUMBER OF COVERED ORDERS AND CUMULATIVE NUMBER OF SHARES OF COVERED ORDERS; FAILED TO MAKE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING A QUARTER; [CONTINUED BELOW]

**Initiated By:** NASD

**Date Initiated:** 04/10/2007

**Docket/Case Number:** 20050000811-03

**Principal Product Type:** Equity - OTC

**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:** 04/10/2007

**Sanctions Ordered:** Censure  
Monetary/Fine \$70,000.00

**Other Sanctions Ordered:** UNDERTAKING

**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 \$70,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION, TRADE REPORTING, SHORT SALES AND RECORDKEEPING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Firm Statement** THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BEST EXECUTION, TRADE REPORTING, SHORT SALES AND RECORDKEEPING; THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THE FIRM WOULD DOCUMENT REVIEWS TO ENSURE



COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING REGULAR AND RIGOROUS REVIEWS AND THE THREE QUOTE RULE; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN NNM SECURITIES AND INCORRECTLY REPORTED THAT IT EXECUTED THE TRANSACTIONS IN AN AGENCY CAPACITY INSTEAD OF IN A PRINCIPAL CAPACITY WITHOUT SUBMITTING SEPARATE CLEARING ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL"; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN SMALLCAP MARKET AND OTC EQUITY SECURITIES AND REPORTED THAT IT EXECUTED THE TRANSACTIONS IN A PRINCIPAL ONLY CAPACITY WITHOUT SUBMITTING SEPARATE CLEARING ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL"; FAILED TO REPORT THE CORRECT SYMBOL INDICATING IF IT EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT WHETHER TRANSACTIONS WERE BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR TRANSACTIONS IN ELIGIBLE SECURITIES; FAILED TO REPORT THROUGH NASDAQ MARKET CENTER OR TRACS LAST SALE REPORTS OF TRANSACTIONS IN NASDAQ SECURITIES.

#### Disclosure 25 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 11AC1-4, NASD RULES 2110, 6620(A), 6620(D)(3)(B), 6955(A) - NEWBRIDGE SECURITIES CORPORATION FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA; FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE THROUGH NASDAQ MARKET CENTER SUCH LAST SALE REPORTS AS LATE; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN OTC EQUITY SECURITIES AND REPORTED TO THE NASDAQ MARKET CENTER THAT IT EXECUTED THOSE TRANSACTIONS IN A PRINCIPAL ONLY



CAPACITY, WITHOUT SUBMITTING SEPARATE CLEARING ONLY, OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL;" AND TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA.

**Initiated By:** NASD

**Date Initiated:** 01/25/2006

**Docket/Case Number:** [2004200006501](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** NASDAQ SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/25/2006

**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 \$35,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, NEWBRIDGE SECURITIES CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$35,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULE 11AC1-4, NASD RULES 2110, 6620(A), 6620(D)(3)(B),6955(A) - NEWBRIDGE SECURITIES CORPORATION FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT



WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA; FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE THROUGH NASDAQ MARKET CENTER SUCH LAST SALE REPORTS AS LATE; EXECUTED RISKLESS PRINCIPAL TRANSACTIONS IN OTC EQUITY SECURITIES AND REPORTED TO THE NASDAQ MARKET CENTER THAT IT EXECUTED THOSE TRANSACTIONS IN A PRINCIPAL ONLY CAPACITY, WITHOUT SUBMITTING SEPARATE CLEARING ONLY, OR NON-TAPE, NON-CLEARING REPORTS WITH CAPACITY INDICATORS OF "RISKLESS PRINCIPAL;" AND TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA.

**Initiated By:** NASD

**Date Initiated:** 01/25/2006

**Docket/Case Number:** 20042000065-01 AWC

**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:** 01/25/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$35,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, BRGE CONSENTED TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED \$35,000, CONSISTING OF A \$5,000 FINE FOR THE LIMIT ORDER DISPLAY





VIOLATIONS; AN \$8,000 FINE FOR THE OATS VIOLATIONS AND A \$22,000 FINE FOR THE TRADE REPORTING VIOLATIONS.

### Disclosure 26 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 2320 - RESPONDENT MEMBER FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	07/19/2005
<b>Docket/Case Number:</b>	<a href="#">CLG050103</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/19/2005
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$11,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, BRGE CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$11,000. RESTITUTION WAS NOT ORDERED IN THIS MATTER AS THE FIRM HAD PREVIOUSLY SUBMITTED SATISFACTORY PROOF OF PAYMENT OF FULL RESTITUTION



TO CUSTOMERS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2320 - FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE UNDER PREVAILING MARKET CONDITIONS.

**Initiated By:** NASD

**Date Initiated:** 07/19/2005

**Docket/Case Number:** [CLG050103](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/19/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$11,000.00

**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 \$11,000. RESTITUTION WAS NOT ORDERED IN THIS MATTER AS THE FIRM HAD PREVIOUSLY SUBMITTED SATISFACTORY PROOF OF PAYMENT OF FULL RESTITUTION TO CUSTOMERS.

#### Disclosure 27 of 29

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 17A-3, 10B-10, 11AC1-5(B); NASD CONDUCT RULES 3110, 3370,



2310, 3010; NASD MARKETPLACE RULES 6130(D), 6954, 6955, 4632(C)(6) AND 4642(C)(6), 4632(B), 4642(B), 6420(B), 6955(A); RESPONDENT MEMBER FAILED TO SHOW THE CORRECT TIME OF ENTRY AND TERMS AND CONDITIONS ON THE MEMORANDUM OF BROKERAGE ORDERS; EXECUTED SHORT SALES AND FAILED PROVIDE FOR DELIVERY OF THE SECURITIES BY SETTLEMENT DATE; FAILED TO REPORT TO ACT THE CORRECT SYMBOL OF TRANSACTIONS; FAILED TO REPORT TO ACT THE CORRECT TIME OF EXECUTION; FAILED TO REPORT LAST SALE REPORTS OF TRANSACTIONS; FAILED TO SUBMIT REQUIRED INFORMATION CONCERNING ORDERS AND EXECUTIONS TO OATS; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSITNG TO ITS CUSTOMER THE CORRECT REPORTED TRADE PRICE; MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION THAT INCLUDED INCORRECT INFORMATION; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING TRADE REPORTING, SHORT SALE, LOCKED AND CROSSED MARKETS, REGISTRATION, FIRM QUOTE, OATS, THE CONFIDENTIAL TREATMENT OF NONPUBLIC INFORMATION AND RECORDKEEPING.

**Initiated By:** NASD

**Date Initiated:** 03/10/2005

**Docket/Case Number:** CLG050024

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED TYPE OF SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/10/2005

**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 \$57,500.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$57,500.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

THIS MATTER AROSE OUT OF A ROUTINE EXAMINATION OF THE FIRM'S TRADING AND MARKET MAKING ACTIVITIES IN 2003. AT THE CONCLUSION OF THAT EXAMINATION, THE NASD NOTED CERTAIN VIOLATIONS IN THE AREAS OF RECORDKEEPING, SHORT SALES, TRADE REPORTING, OATS, EXECUTION REPORTING AND TRADE CONFIRMATIONS AND, SPECIFICALLY, SEC RULES 17A-3, 10B-10 AND 11AC1-5(B), NASD CONDUCT RULES 3110, 2110, 3010 AND 3370, AND NASD MARKETPLACE RULES 6130(D), 4632(C)(6), 4262(C)(6), 4632(B), 4642(B), 6420(B), 6954, AND 6955(A).

**Initiated By:**

NASD

**Date Initiated:**

03/10/2005

**Docket/Case Number:**

CLG050024

**Principal Product Type:**

Equity - OTC

**Other Product Type(s):**

OTCBB

**Principal Sanction(s)/Relief Sought:**

Censure

**Other Sanction(s)/Relief Sought:**

FINE

**Resolution:**

Acceptance, Waiver &amp; Consent(AWC)

**Resolution Date:**

03/10/2005

**Sanctions Ordered:**

Censure  
Monetary/Fine \$57,500.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THEREFORE THE FIRM WAS CENSURED AND FINED \$57,500 (CONSISTING OF A \$12,500 FINE FOR THE RECORDKEEPING VIOLATION, A \$5,000 FINE FOR THE SHORT SALE VIOLATIONS, A \$15,000 FINE FOR THE TRADE REPORTING VIOLATIONS, A \$5,000 FINE FOR THE OATS



VIOLATIONS, A \$5,000 FINE FOR THE SEC RULE 11AC1-5 VIOLATIONS, AND A \$10,000 FINE FOR THE SUPERVISORY VIOLATIONS).

## Disclosure 28 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULE 2110 AND NASD MARKETPLACE RULE 6620(A) - RESPONDENT MEMBER ("FIRM") FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT 258 LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. IN ADDITION, THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT 234 LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	01/15/2004
<b>Docket/Case Number:</b>	CMS040007
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/15/2004
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF



FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$7,500.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULE 2110 AND NASD MARKETPLACE RULE 6620(A) - ALLEGES RESPONDENT MEMBER ("FIRM") FAILE, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT 258 LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. IN ADDITION IT IS ALLEGED THAT FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT 234 LAST SALE REPORTS OF TRANSACTIONS IN OTC SECURITIES AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	01/15/2004
<b>Docket/Case Number:</b>	CMS040007
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/15/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$7500.

#### Disclosure 29 of 29

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010, 3110 - RESPONDENT MEMBER, ACTING THROUGH



INDIVIDUALS, FAILED TO SUPERVISE ITS REGISTERED REPRESENTATIVES ADEQUATELY BY FAILING TO DETECT APPARENT TRADING IRREGULARITIES AND INCONSISTENT TRADING RECOMMENDATIONS TO PUBLIC CUSTOMERS BY THE FIRM'S REGISTERED REPRESENTATIVES; UPON RECEIPT OF CUSTOMER COMPLAINTS AGAINST REPRESENTATIVES OF THE FIRM, RESPONDENT MEMBER, ACTING THROUGH INDIVIDUALS, FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM WITH A VIEW TOWARDS PREVENTING HIGH PRESSURE SALES TACTICS, UNAUTHORIZED TRADING, MISREPRESENTATIONS OR OMISSIONS AND UNWARRANTED PRICE PROJECTIONS; AND FAILED TO RECORD THE ENTRY AND EXECUTION TIMES ON ORDER TICKETS.

**Initiated By:** NASD

**Date Initiated:** 10/07/2003

**Docket/Case Number:** C07030069

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/07/2003

**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 \$60,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, NEWBRIDGE SECURITIES CORPORATION CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$60,000, AND REQUIRED TO RETAIN WITHIN 60 DAYS OF ACCEPTANCE OF THE AWC AN OUTSIDE CONSULTANT TO REVIEW AND MAKE RECOMMENDATIONS CONCERNING THE ADEQUACY OF THE FIRM'S



CURRENT POLICIES AND PROCEDURES RELATING TO ITS SALES PRACTICES AND SUPERVISORY SYSTEM. NO LATER THAN 120 DAYS AFTER THE FIRM RETAINS THE CONSULTANT, THE CONSULTANT WILL PROVIDE AN INITIAL REPORT TO THE FIRM AND NASD CONCERNING RECOMMENDATIONS . WITHIN 30 DAYS AFTER REPORT IS DELIVERED, THE FIRM SHALL PROPOSE ANY ALTERNATIVE PROCEDURE TO ANY RECOMMENDATION DEEMED UNDULY BURDENSOME OR IMPRACTICAL AND SUBMIT IT IN WRITING TO THE CONSULTANT AND NASD. WITHIN 30 DAYS, THE CONSULTANT WILL EVALUATE ANY ALTERNATIVES AND PROVIDE THE FIRM WITH A WRITTEN DECISION REFLECTING THE DECISION REGARDING FIRM RECOMMENDATIONS. WITHIN 90 DAYS AFTER INITIAL REPORT IS DELIVERED, THE FIRM SHALL ADOPT ALL RECOMMENDATIONS MADE BY THE CONSULTANT AND PROVIDE NASD WITH A REPORT ATTESTING TO AND DOCUMENTING THE FIRM'S IMPLEMENTATION OF THE CONSULTANT'S RECOMMENDATIONS.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 3110 - RESPONDENT MEMBER, ACTING THROUGH INDIVIDUALS SCOTT HOWARD GOLDSTEIN CRD #1630008 AND JAMES LEE PHELPS CRD #1725995, FAILED TO SUPERVISE ITS REGISTERED REPRESENTATIVES ADEQUATELY BY FAILING TO DETECT APPARENT TRADING IRREGULARITIES, AND INCONSISTENT TRADING RECOMMENDATIONS TO PUBLIC CUSTOMERS; UPON RECEIPT OF CUSTOMER COMPLAINTS AGAINST REPRESENTATIVES OF THE FIRM, RESPONDENT MEMBER, ACTING THROUGH INDIVIDUALS FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM WITH A VIEW TOWARDS PREVENTING HIGH PRESSURE SALES TACTICS, UNAUTHORIZED TRADING, MISREPRESENTATIONS OR OMISSIONS AND UNWARRANTED PRICE PROJECTIONS; AND FAILED TO RESPOND TO RECORD ENTRY AND EXECUTION TIMES ON ORDER TICKETS.

**Initiated By:** NASD

**Date Initiated:** 10/07/2003

**Docket/Case Number:** C07030069

**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:** 10/07/2003

**Sanctions Ordered:** Censure  
Monetary/Fine \$60,000.00  
Suspension

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, NEWBRIDGE SECURITIES CORPORATION CONSENTED TO DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE FIRM IS CENSURED, FINED \$60,000 AND REQUIRED TO RETAIN WITHIN 60 DAYS OF ACCEPTANCE OF THE AWC AN OUTSIDE CONSULTANT TO REVIEW AND MAKE RECOMMENDATIONS CONCERNING ADEQUACY OF THE FIRMS CURRENT POLICIES AND PROCEDURES RELATING TO ITS SALES PRACTICES AND SUPERVISORY SYSTEM. NO LATER THAN 120 DAYS AFTER FIRM RETAINS THE CONSULTANT, THE CONSULTANT WILL PROVIDE AN INITIAL REPORT TO THE FIRM AND NASD CONCERNING RECOMMENDATIONS. WITHIN 30 DAYS AFTER REPORT IS DELIVERED, THE FIRM SHALL PROPOSE ANY ALTERNATIVE PROCEDURE TO ANY RECOMMENDATION DEEMED UNDULY BURDENSOME OR IMPRACTICAL AND SUBMIT IT IN WRITING TO THE CONSULTANT AND NASD. WITHIN 30 DAYS THE CONSULTANT WILL EVALUATE ANY ALTERNATIVES AND PROVIDE FIRM WITH A WRITTEN DECISION REFLECTING THE DECISION REGARDING FIRM RECOMMENDATIONS. WITHIN 90 DAYS AFTER INITIAL REPORT IS DELIVERED, THE FIRM SHALL ADOPT ALL RECOMMENDATIONS MADE BY THE CONSULTANT AND PROVIDE NASD WITH A REPORT ATTESTING TO AND DOCUMENTING THE FIRM'S IMPLEMENTATION OF CONSULTANT'S RECOMMENDATIONS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MR. GOLDSTEIN AND MR. PHELPS CONSENTED TO THE AWC TERMS OF 30 DAY SUSPENSION.



## 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](http://www.finra.org/awardsonline).

### Disclosure 1 of 4

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	03/30/2006
<b>Case Number:</b>	<a href="#">06-01610</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$14,487.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	10/11/2006
<b>Sum of All Relief Awarded:</b>	\$3,981.51

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 4

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	05/07/2010
<b>Case Number:</b>	<a href="#">10-02002</a>



**Disputed Product Type:** COMMON STOCK; OPTIONS; PRIVATE EQUITIES  
**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/23/2011  
**Sum of All Relief Awarded:** \$0.01

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 4

**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; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 05/10/2010  
**Case Number:** [10-02021](#)  
**Disputed Product Type:** COMMON STOCK; OPTIONS  
**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/08/2011  
**Sum of All Relief Awarded:** \$0.01

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 4

**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-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN



CALLS; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA  
**Case Initiated:** 09/08/2010  
**Case Number:** [10-03698](#)  
**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS  
**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/14/2011  
**Sum of All Relief Awarded:** \$116,967.01

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

## End of Report



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