



BrokerCheck Report

PENN CAPITAL FINANCIAL SERVICES, INC.

CRD# 10640

Report # 551737 generated on Thursday, June 28, 2007.

Dear Investor:

FINRA has generated the following BrokerCheck report for **PENN CAPITAL FINANCIAL SERVICES, INC.**

The information contained within this report has been provided by a FINRA brokerage firm(s) and securities regulators as part of the securities industry's registration and licensing process and represents the most current information reported to the Central Registration Depository (CRD®).

FINRA regulates the securities markets for the ultimate benefit and protection of the investor. FINRA believes the general public should have access to information that will help them determine whether to conduct, or continue to conduct, business with a FINRA member. To that end, FINRA has adopted a public disclosure policy to make certain types of information available to you. Examples of information FINRA provides include: regulatory actions, investment-related civil suits, customer disputes that contain allegations of sales practice violations against brokers, all felony charges and convictions, misdemeanor charges and convictions relating to securities violations, and financial events such as bankruptcies, compromises with creditors, judgments, and liens.

When evaluating this report, please keep in mind that it may include items that involve pending actions or allegations that may be contested and have not been resolved or proven. Such items may, in the end, be withdrawn or dismissed, or resolved in favor of the individual broker, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

The information in this report is not the only resource you should consult. FINRA recommends that you learn as much as possible about the individual broker or firm from other sources, such as professional references, local consumer and investment groups, or friends and family members who already have established investment business relationships.

FINRA BrokerCheck is governed by federal law, Securities and Exchange Commission (SEC) regulations and FINRA rules approved by the SEC. State disclosure programs are governed by state law, and may provide additional information on brokers licensed by the state. Therefore, you should also consider requesting information from your state securities regulator. Refer to www.nasaa.org for a complete list of state securities regulators.

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



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. [For more information about FINRA, visit www.finra.org.](http://www.finra.org)

**PENN CAPITAL FINANCIAL
SERVICES, INC.**

CRD# 10640

SEC# 8-28011

Main Office Location

7211 SALTSBURG ROAD
PITTSBURGH, PA 15235
United States

Mailing Address

7211 SALTSBURG ROAD
PITTSBURGH, PA 15235
United States

Report Summary for this Firm

This firm is no longer registered with FINRA. The firm's registration with FINRA was terminated (e.g., voluntarily withdrawn, cancelled, liquidated, expelled) prior to August 1999 when the enhanced Central Registration Depository System (i.e. Web CRD®) was implemented. As a result, since the firm was not required to update its CRD record via the submission of an electronic Form BD filing to Web CRD, FINRA's BrokerCheck program contains only limited information about this firm.

Firm Profile

This firm is classified as CORPORATION.

This firm was formed in Pennsylvania on 3/12/1982.

Its fiscal year ends in December.

Firm Operations

This firm is no longer registered with FINRA.

**Disclosure of Arbitration Awards,
Disciplinary and Regulatory Events**

This section includes details regarding disclosure events reported by or about this firm to CRD as part of the securities industry registration and licensing process. Examples of such disclosure events range from disciplinary actions initiated by regulators to certain criminal charges and/or convictions, to financial disclosures such as bankruptcies, and summary information regarding arbitration awards involving securities and commodities disputes between public customers and FINRA-registered firms.



Firm Profile

This firm is classified as a CORPORATION.

This firm was formed in Pennsylvania on 3/12/1982.

Its fiscal year ends in December.

Firm Names and Locations

This section includes details, as reported by the firm on Form BD, regarding the firm's full legal name, business and mailing addresses, the firm's "doing business as" name (i.e. "DBA" name) if different from the full legal name, and any other name by which the firm conducts business and where such name is used.

PENN CAPITAL FINANCIAL SERVICES, INC.

Doing business as PENN CAPITAL FINANCIAL SERVICES, INC.

CRD# 10640

SEC# 8-28011

Main Office Location

7211 SALTSBURG ROAD
PITTSBURGH, PA 15235
United States

Mailing Address

7211 SALTSBURG ROAD
PITTSBURGH, PA 15235
United States

Business Telephone Number

(412) 798-3000



Firm Profile

This section provides information relating to Direct Owners and Executive Officers as reported by the firm on Form BD.

Direct Owners and Executive Officers

Information not available – see Summary Page.



Firm Profile

This section provides information relating to Indirect Owners, if any, as reported by the firm on Form BD.

Indirect Owners

Information not available – see Summary Page.



Firm History

This section provides information relating to successions (e.g. mergers or acquisitions), if any, as reported by the firm on Form BD.

Information not available – see Summary Page.



Firm Operations

Registrations

This section provides information about the regulators (e.g. U.S. Securities and Exchange Commission (SEC), self-regulatory organizations, states and U.S. territories) the firm is currently registered with, the category of each registration, and the date on which the registration status became effective, as well as certain information about the firm's SEC registration.

This firm is no longer registered with FINRA.

The firm's registration with FINRA was from 8/2/1982 to 12/10/1996.

SEC Registration Questions

This firm was registered with the SEC as:

A broker-dealer only: **Information not available – see Summary Page.**

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

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



Types of Business

This section provides the types of business and any other business or other non-securities business the firm is engaged in or is expected to be engaged in as reported by the firm on Form BD.

This firm conducted 11 types of business.

Exchange member engaged in exchange commission business other than floor activities	No
Exchange member engaged in floor activities	No
Broker or dealer making inter-dealer markets in corporate securities over-the-counter	Yes
Broker or dealer retailing corporate equity securities over-the-counter	Yes
Broker or dealer selling corporate debt securities	Yes
Underwriter or selling group participant (corporate securities other than mutual funds)	Yes
Mutual fund underwriter or sponsor	Yes
Mutual fund retailer	Yes
U.S. government securities dealer	No
U.S. government securities broker	No
Municipal securities dealer	Yes
Municipal securities broker	No
Broker or dealer selling variable life insurance or annuities	Yes
Solicitor of time deposits in a financial institution	No
Real estate syndicator	No
Broker or dealer selling oil and gas interests	No
Put and call broker or dealer or option writer	Yes
Broker or dealer selling securities of only one issuer or associate issuers (other than mutual funds)	No
Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)	No
Investment advisory services	No
Broker or dealer selling tax shelters or limited partnerships in primary distributions	Yes
Broker or dealer selling tax shelters or limited partnerships in the secondary market	No
Non-exchange member arranging for transactions in listed securities by exchange member	Yes
Trading securities for own account	No
Private placements of securities	No
Broker or dealer selling interests in mortgages or other receivables	No
Broker or dealer involved in a networking kiosk or similar arrangement with a bank, savings bank or association, or credit union	No
Broker or dealer involved in a networking kiosk or similar arrangement with a Insurance company or agency	No



Other Types of Business

This firm does not affect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.



Clearing Arrangements

Information not available – see Summary Page

Introducing Arrangements

Information not available – see Summary Page

Industry Arrangements

Information not available – see Summary Page

Organization Affiliates

Information not available – see Summary Page



Disclosure of Arbitration Awards, Disciplinary and Regulatory Events

Firms are required to answer a series of disclosure questions on Form BD and provide the corresponding details to any reported events as part of the securities industry registration and licensing process. The disclosure questions concern criminal and regulatory events, civil actions, and certain financial disclosures such as bankruptcy or liquidation proceedings filed within the past ten years, bond actions and unpaid judgments and liens. The firm must answer either "yes" or "no" to each question as it applies to the firm itself or to any of its control affiliates (i.e., an individual, partnership, corporation, trust, or other organization that directly or indirectly controls, is under common control with, or is controlled by the firm). This section lists the various disclosure questions and their corresponding answers as reported by the firm on Form BD.



Possible multiple reporting sources – please note:

Disclosure event details may be reported by more than one source (i.e., regulator or firm). When this occurs, all versions of the reported event will appear in the firm's BrokerCheck report.



Disclosure Event Details

This section provides the specific details for each disclosure event, as reported by the firm on Form BD, that correspond with any “yes” answers to the various Form BD disclosure questions. It also includes summary information regarding arbitration awards in cases where the firm was named as a respondent in the arbitration proceeding, if any.

Nothing will be displayed in this section of the firm’s BrokerCheck Report when the firm has no reported disclosure information.

If the firm does have reported disclosure events, please keep the following in mind when evaluating the disclosure event details. Items may involve pending actions or allegations that may be contested and have not been resolved or proven. The items may, in the end, be withdrawn or dismissed, or resolved in favor of the firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD by the firm and/or by securities industry regulators. Some of the specific data fields contained in this section of the report may be blank if the information was not provided to CRD.

Disclosure event details may be reported by more than one source (i.e., regulator and firm). When this occurs, all versions of the reported event will appear in the firm’s BrokerCheck report.



Regulatory - Final

This section provides information regarding any final, regulatory action as reported by the firm and/or a securities regulator to CRD as part of the securities industry registration and licensing process. Such event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the U.S. Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations. In addition, a revocation or suspension of the authority of a firm's control affiliate to act as an attorney, accountant or federal contractor, if any, will appear here.

Disclosure

Reporting Source: REGULATOR (U6)

Current Status: FINAL

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated:

Docket/Case Number:

Principal Product Type:

Other Product Type(s):

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

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

Resolution: DECISION

Resolution Date: 05/16/1995

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: COMPLAINT NO. C9A950013 FILED JANUARY 23, 1995 BY DISTRICT NO. 9
AGAINST PENN CAPITAL FINANCIAL SERVICES, INC., WILLIAM P. HOGAN, PHILIP
F. ROY, JR., AND MATTHEW JOSEPH FORD ALLEGING VIOLATIONS OF ARTICLE
III, SECTION 1 OF THE RULES OF FAIR PRACTICE AND MSRB RULES G-2, G-3
AND G-27 IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT



FORD, CONDUCTED SECURITIES TRANSACTIONS WHILE FAILING TO MAINTAIN ITS MINIMUM REQUIRED NET CAPITAL; RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HOGAN, FAILED TO GIVE NOTICE ON A TIMELY BASIS OF ITS NET CAPITAL DEFICIENCY; FAILED TO NOTIFY THE NASD IN WRITING OF ACTION TAKEN AGAINST TWO INDIVIDUALS BY THE SEC; EFFECTED AT LEAST THREE MUNICIPAL SECURITIES TRANSACTION EVEN THOUGH NO ONE ASSOCIATED WITH RESPONDENT MEMBER WAS DESIGNATED AS OR PROPERLY QUALIFIED AS A MUNICIPAL SECURITIES PRINCIPAL; RESPONDENTS MEMBER AND ROY FAILED TO COMPLY WITH SCHEDULE C, PART II OF THE NASD'S BY-LAWS IN THAT RESPONDENT ROY WAS ACTIVELY ENGAGED IN THE MANAGEMENT OF RESPONDENT MEMBER'S SECURITIES BUSINESS AND OCCUPIED POSITIONS AT THE FIRM WHICH REQUIRED REGISTRATION AS A GENERAL SECURITIES PRINCIPAL WITHOUT BEING REGISTERED IN THAT CAPACITY; AND, RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HOGAN, FAILED TO EITHER ENSURE HE WAS PROPERLY REGISTERED OR PRECLUDE HIM FROM ACTING IN A MANNER WHICH REQUIRED REGISTRATION AS A PRINCIPAL AND RESPONDENT ROY FAILED TO BECOME PROPERLY REGISTERED. AMENDED COMPLAINT FILED MARCH 20, 1995 CONTAINS NO SUBSTANTIVE CHANGES. ON MAY 16, 1995, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY THE RESPONDENTS WAS ISSUED; THEREFORE, RESPONDENT MEMBER IS CENSURED, FINED \$15,000 (\$7,500, JOINTLY AND SEVERALLY WITH RESPONDENT HOGAN AND \$5,000, JOINTLY AND SEVERALLY WITH FORD); RESPONDENT HOGAN IS CENSURED AND FINED \$7,500, JOINTLY AND SEVERALLY WITH RESPONDENT MEMBER AND RESPONDENT FORD IS CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY WITH RESPONDENT MEMBER. THE PROCEEDING ENDED AS TO RESPONDENT ROY UPON HIS DEATH AND NO SANCTIONS ARE IMPOSED AGAINST HIM. ***EXPELLED FOR NON-PAYMENT OF FINES AND/OR COSTS ON 12/10/96, WITH AN OUTSTANDING BALANCE OF \$7,896.47 J&S.***



Regulatory - Final

This section provides information regarding any final, regulatory action as reported by the firm and/or a securities regulator to CRD as part of the securities industry registration and licensing process. Such event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the U.S. Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations. In addition, a revocation or suspension of the authority of a firm's control affiliate to act as an attorney, accountant or federal contractor, if any, will appear here.

Disclosure

Reporting Source: REGULATOR (U6)

Current Status: FINAL

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated:

Docket/Case Number:

Principal Product Type:

Other Product Type(s):

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

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

Resolution:

Resolution Date: 12/27/1995

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: PENN CAPITAL FINANCIAL SERVICES, INC. WAS SUSPENDED FROM MEMBERSHIP IN THE NASD FOR FAILURE TO COMPLY WITH FORMAL WRITTEN REQUESTS TO SUBMIT FINANCIAL INFORMATION TO THE NASD. THE SUSPENSION COMMENCED DECEMBER 27, 1995 AND WILL CONCLUDE UPON COMPLIANCE.



Regulatory - Final

This section provides information regarding any final, regulatory action as reported by the firm and/or a securities regulator to CRD as part of the securities industry registration and licensing process. Such event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the U.S. Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations. In addition, a revocation or suspension of the authority of a firm's control affiliate to act as an attorney, accountant or federal contractor, if any, will appear here.

Disclosure

Reporting Source: REGULATOR (U6)

Current Status: FINAL

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated:

Docket/Case Number:

Principal Product Type:

Other Product Type(s):

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

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

Resolution: DECISION

Resolution Date: 12/10/1996

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: *****EXPELLED FROM NASD MEMBERSHIP ON 12/10/96*****
*****FOR
NON-PAYMENT OF FINES AND/OR COSTS*****
*****IN COMPLAINT #
C9A950013*****



Regulatory - Final

This section provides information regarding any final, regulatory action as reported by the firm and/or a securities regulator to CRD as part of the securities industry registration and licensing process. Such event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the U.S. Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations. In addition, a revocation or suspension of the authority of a firm's control affiliate to act as an attorney, accountant or federal contractor, if any, will appear here.

Disclosure

Reporting Source: REGULATOR (U6)

Current Status: FINAL

Allegations:

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated:

Docket/Case Number:

Principal Product Type:

Other Product Type(s):

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

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

Resolution: ORDER

Resolution Date: 09/30/1997

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: 10-03-97, SEC NEWS DIGEST ISSUE NO. 97-190, DATED OCTOBER 1, 1997, ENFORCEMENT PROCEEDINGS DISCLOSE: " COMMISSION REVOKES REGISTRATION OF PENN CAPITAL FINANCIAL SERVICES, INC."; THE COMMISSION INSTITUTED AND SIMULTANEOUSLY SETTLED PUBLIC ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTIONS 15(b) AND 19(h) OF



THE SECURITIES EXCHANGE ACT OF 1934 AGAINST PENN CAPITAL FINANCIAL SERVICES, INC. (PENN CAPITAL), A REGISTERED BROKER-DEALER. WITHOUT ADMITTING OR DENYING THE COMMISSION'S FINDINGS, PENN CAPITAL CONSENTED TO THE ENTRY OF AN ORDER WHICH REVOKES ITS REGISTRATION AS A BROKER-DEALER. THE ORDER FINDS A SCHEME TO DEFRAUD PUBLIC INVESTORS OF THEIR MONEY THROUGH THE OFFER AND SALE OF SECURITIES IN TWO SEPARATE OFFERINGS, ONE COMMENCING IN EARLY 1991, AND THE SECOND IN SEPTEMBER 1994. DURING THE COURSE OF THESE SCHEMES CERTAIN INDIVIDUALS RAISED OVER \$3.1 MILLION FROM AT LEAST 100 INVESTORS. THE SCHEMES WERE IMPLEMENTED THROUGH PENN CAPITAL, WHERE MOST OF THE INDIVIDUALS WORKED. THE ORDER ALSO FINDS THAT, ON NOVEMBER 15, 1996, A FINAL JUDGMENT AND ORDER WAS ENTERED AGAINST PENN CAPITAL BY THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA, INTER ALIA, ENJOINING PENN CAPITAL FROM FUTURE VIOLATIONS OF SECTION 17(a) OF THE SECURITIES ACT, SECTIONS 10(b), 15(c)(1) AND 17(a) OF THE EXCHANGE ACT, AND RULES 10b-5, 15c1-2, 17a-3 AND 17a-4 THEREUNDER. IN THE CIVIL ACTION, THE COMMISSION ALLEGED FACTS SIMILAR TO THOSE SET FORTH HERE. PENN CAPITAL CONSENTED TO THE ENTRY OF THE FINAL JUDGMENT AND ORDER WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE COMMISSION'S COMPLAINT (SEC V. PENN CAPITAL FINANCIAL SERVICES, INC., ET AL., CIVIL ACTION NO. 95-1571, W.D. PA.). (REL. 34-39168) 11-24-97, 65 SEC DOCKET 1614, DATED OCTOBER 28, 1997, DISCLOSES: THE SEC REVOCATION IS DATED SEPTEMBER 30, 1997.



Customer Dispute – Award/Judgment

Firms are not required to report arbitration claims filed against them by customers on Form BD; however, FINRA provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and FINRA-registered firms in this section of the report. Note: an arbitration may contain multiple instances of a certain Relief Type (e.g., Actual/Compensatory Damages) requested by or awarded to one or more Claimants.

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

Disclosure

Reporting Source:	NASD
Type of Event:	ARBITRATION
Allegations:	UNAUTHORIZED TRADING; CHURNING; MANIPULATION
Arbitration Forum:	NASD
Case Initiated:	12/07/1995
Case Number:	95-05739
Disputed Product Type:	COMMON STOCK
Relief Sought:	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$10,571.00; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$31,714.00; OTHER COSTS, ASKED AMOUNT \$0.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/07/1997
Relief Awarded:	ACTUAL/COMPENSATORY DAMAGES, RELIEF HAS BEEN AWARDED (PARTIAL OR FULL), AWARD AMOUNT \$754.87; PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL; OTHER COSTS, RELIEF REQUEST HAS BEEN DENIED IN FULL



Customer Dispute – Award/Judgment

Firms are not required to report arbitration claims filed against them by customers on Form BD; however, FINRA provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and FINRA-registered firms in this section of the report. Note: an arbitration may contain multiple instances of a certain Relief Type (e.g., Actual/Compensatory Damages) requested by or awarded to one or more Claimants.

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

Disclosure

Reporting Source:	NASD
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-TRANSFER; BRCH OF FIDUCIARY DT
Arbitration Forum:	NASD
Case Initiated:	01/01/1989
Case Number:	89-00653
Disputed Product Type:	UNKNOWN TYPE OF SECURITIES
Relief Sought:	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$956.30 JOINTLY AND SEVERALLY
Disposition:	CASE IS CLOSED, BY PAPERS
Disposition Date:	09/14/1989
Relief Awarded:	ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL

Civil – Final

This section provides details regarding a final, civil action as reported by the firm and/or a securities regulator to CRD. The event may include an injunction issued by a foreign or domestic court in the last 10 years in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute(s) or regulation(s), or an action dismissed by a domestic or foreign court pursuant to a settlement agreement.

Disclosure

Reporting Source:	REGULATOR (U6)
Current Status:	FINAL
Allegations:	
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Court Details:	
Date Court Action Filed:	
Principal Product Type:	
Other Product Types:	
Relief Sought:	
Other Relief Sought:	
Resolution:	ORDER
Resolution Date:	11/15/1996
Sanctions Ordered or Relief Granted:	
Other Sanctions:	
Sanction Details:	[TOP] 10-24-95-SEC DIGEST ISSUE NO 95-194 DATED 10/6/95 ENFORCEMENT PROCEEDINGS DISCLOSED EMERGENCY ACTION FILED AGAINST PENN CAPITAL FINANCIAL SERVICES, INC. AND OTHERS; ON OCTOBER 2, THE SEC FILED AN EMERGENCY ACTION IN U.S.D.C. FOR THE WESTERN DISTRICT OF PENNSYLVANIA SEEKING A TEMPORARY RESTRAINING ORDER, PRELIMINARY AND PERMANENT INJUNCTIONS, A FREEZE OF ASSETS AND OTHER EXPEDITED RELIEF AGAINST PENN CAPITAL FINANCIAL SERVICES, INC. (PENN CAPITAL), PENN CAPITAL MANAGEMENT, INC. (PCM), ROY PLAZA, HELEN A. ROY (HELEN ROY), CHRISTOPHER E. BEIMEL (BEIMEL), WILLIAM P. HOGAN (HOGAN), BRUCE BATLEY, DANIEL D. BEIMEL, JOHN W. FORD, JON T. JARVIS, LOUIS A. MILLER, AND HELEN A. ROY AS ADMINISTRATRIX OF THE ESTATE OF PHILIP F. ROY JR. THE COMPLAINT CHARGES THE DEFENDANTS WITH VIOLATING THE ANTIFRAUD, BROKER-DEALER



REGISTRATION AND BROKER-DEALER RECORDKEEPING PROVISIONS OF THE SECURITIES LAWS. THE COMPLAINT ALLEGES THAT, FROM AT LEAST FEBRUARY 1991 THROUGH THE PRESENT, THE DEFENDANTS HAVE ENGAGED IN AN ONGOING FRAUDULENT SCHEME THROUGH WHICH THEY HAVE RAISED OVER \$3.1 MILLION FROM AT LEAST 100 PUBLIC INVESTORS, OSTENSIBLY FOR THE PURCHASE OF VARIOUS SECURITIES OFFERED THROUGH PENN CAPITAL, A BROKER-DEALER REGISTERED WITH THE COMMISSION. RATHER THAN PURCHASING THE SECURITIES PROMISED, THE DEFENDANTS MISAPPROPRIATED THE INVESTOR FUNDS AND USED THEM FOR THEIR PERSONAL BENEFIT AND TO PAY EARLIER INVESTORS IN THE SCHEME. TO CONCEAL EVIDENCE OF THE SCHEME FROM REGULATORY AUTHORITIES, CERTAIN OF THE DEFENDANTS MAINTAINED AN UNDISCLOSED SET OF RECORDS. [SEC V. PENN CAPITAL FINANCIAL SERVICES, INC., ET AL. W.D. PA., CIVIL ACTION NO. 95-1571] (LR-14676). COPY OF THE ORDER IN A CIVIL ACTION NO. 95-1571 IN THE U.S.D.C. FOR THE WESTERN DISTRICT OF PENNSYLVANIA REC'D DATED 10/4/95. *** 10-03-97, SEC NEWS DIGEST ISSUE NO. 97-190, DATED 10/1/97, DISCLOSES: A FINAL JUDGMENT AND ORDER FOR PERMANENT INJUNCTION WAS DATED 11/15/96.



About this BrokerCheck Report

BrokerCheck reports are part of a FINRA initiative to disclose information about FINRA-registered firms and brokers to help investors determine whether to conduct, or continue to conduct, business with these firms and brokers. The information contained within these reports is collected through the securities industry's registration and licensing process.

Who provides the information in BrokerCheck?

Information made available through FINRA BrokerCheck is derived from the Central Registration Depository (CRD®) as reported on the industry registration and licensing forms brokerage firms and brokers are required to complete.

The forms used by brokerage firms, Forms BD and BDW, are established by the Securities and Exchange Commission (SEC) and adopted by all state securities regulators and self-regulatory organizations (SROs). FINRA and the North American Securities Administrators Association (NASAA) establish the Forms U4 and U5, the forms that collect broker information. Regulators provide information via Form U6, which is used primarily to report certain history about brokerage firms and brokers. These forms are approved by the SEC.

How current is the information contained in BrokerCheck?

Brokerage firms and brokers are required to keep this information accurate and up-to-date (updates typically are required not later than 30 days after the broker/brokerage firm learns of an event). The report data is updated when a firm, broker, or regulator submits new or revised information to CRD. Generally, updated information is available on BrokerCheck Monday through Friday.

What information is NOT disclosed through BrokerCheck?

Information that has not been reported to the CRD system, or that is not required to be reported, is not disclosed through FINRA BrokerCheck. Examples of events that are not required to be reported or are no longer reportable include: judgments and liens originally reported as pending that subsequently have been satisfied and bankruptcy proceedings filed more than 10 years ago. Conversely, certain customer complaint information that is not required to be reported may be disclosed provided certain criteria are met.

Additional information not disclosed through BrokerCheck includes Social Security Numbers, residential history information, and physical descriptive information. On a case-by-case basis, FINRA reserves the right to exclude information that contains confidential customer information, offensive and potentially defamatory language or information that raises significant identity theft or privacy concerns that are not outweighed by investor protection concerns. NASD Interpretive Material 8310-2 describes in detail what information is and is not disclosed through BrokerCheck.

Under FINRA's current public disclosure policy, in certain limited circumstances, most often pursuant to a court order, information is expunged from the CRD system. Further information about expungement from the CRD system is available in NASD Notices to Members 99-09, 99-54, 01-65, and 04-16 at www.finra.org.

For further information regarding FINRA's BrokerCheck program, please visit FINRA's Web Site at www.finra.org/brokercheck or call the FINRA BrokerCheck Hotline at (800) 289-9999. The hotline is open Monday through Friday from 8 a.m. to 8 p.m., Eastern Time (ET).

For more information about the following, select the associated link:

- About BrokerCheck Reports: http://www.finra.org/brokercheck_reports
- Glossary: http://www.finra.org/brokercheck_glossary
- Questions Frequently Asked about BrokerCheck Reports: http://www.finra.org/brokercheck_faq
- Terms and Conditions: <http://brokercheck.finra.org/terms.aspx>