

BrokerCheck Report

VERITRUST FINANCIAL, LLC

CRD# 106594

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

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:
 - 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
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

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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)



VERITRUST FINANCIAL, LLC

CRD# 106594

SEC# 8-53006

Main Office Location

3755 CAPITAL OF TX HIGHWAY SOUTH
SUITE 130
AUSTIN, TX 78704

Mailing Address

3755 CAPITAL OF TX HIGHWAY SOUTH
SUITE 130
AUSTIN, TX 78704

Business Telephone Number

512-448-0647

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 limited liability company.
This firm was formed in Texas on 10/10/2000.
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 brokerage firm is no longer registered with FINRA or a national securities exchange.

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	4
Arbitration	1

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



Date firm ceased business: 11/18/2013

Does this brokerage firm owe any money or securities to any customer or brokerage firm? No



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Texas on 10/10/2000.

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.

VERITRUST FINANCIAL, LLC

Doing business as VERITRUST FINANCIAL, LLC

CRD# 106594

SEC# 8-53006

Main Office Location

3755 CAPITAL OF TX HIGHWAY SOUTH
SUITE 130
AUSTIN, TX 78704

Mailing Address

3755 CAPITAL OF TX HIGHWAY SOUTH
SUITE 130
AUSTIN, TX 78704

Business Telephone Number

512-448-0647



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):	VFS FINANCIAL SERVICES, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	MEMBER
Position Start Date	09/2009
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):	BROWN, EDGAR ALLEN JR
Is this a domestic or foreign entity or an individual?	Individual
Position	CCO
Position Start Date	09/2013
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):	BROWN, EDGAR ALLEN JR 1463057
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT/CEO/CFO/MANAGING MEMBER
Position Start Date	08/2005
Percentage of Ownership	Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

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

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any):

ZAWAIDEH, RENATA STANISLAWA

5926469

Is this a domestic or foreign entity or an individual?

Individual

Position

FINANCIAL OPERATIONS PRINCIPAL

Position Start Date

08/2011

Percentage of Ownership

Less than 5%

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

No

Is this a public reporting company?

No

Firm Profile

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



Indirect Owners

Legal Name & CRD# (if any):	BROWN, EDGAR ALLEN JR
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	VFS FINANCIAL SERVICES, INC
Relationship to Direct Owner	OWNER
Relationship Established	09/2009
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm 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 no longer registered.

The firm's registration was from 04/09/2001 to 01/23/2014.



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 13 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities dealer
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
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Private placements of securities

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.
This firm does engage in other non-securities business.

Non-Securities Business Description: MARKETING OF EVERBANK'S BANKING SERVICES
 CERTIFICATES OF DEPOSIT OFFEERED ALSO



Firm Operations

Clearing Arrangements

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

Introducing Arrangements

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

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399
Effective Date: 05/23/2003
Description: PERSHING, LLC IS A CLEARING BROKER DEALER. PERSHING FUNCTIONS TO CLEAR AND MAINTAIN CASH, MARGIN, OPTION, OR OTHER ACCOUNTS ("ACCOUNTS") FOR VERITRUST FINANCIAL, LLC OR CUSTOMERS OF VERITRUST FINANCIAL, LLC.

Name: FIRST SOUTHWEST COMPANY
CRD #: 316
Business Address: 1700 PACIFIC AVENUE, SUITE 500
DALLAS, TX 75201
Effective Date: 01/16/2002
Description: FIRST SOUTHWEST COMPANY (FSWC) IS A CLEARING BROKER DEALER. FSWC FUNCTIONS ARE TO CLEAR AND MAINTAIN CASH, MARGIN, OPTION, OR OTHER ACCOUNTS ("ACCOUNTS") FOR VERITRUST FINANCIAL, LLC OR CUSTOMERS OF VERITRUST FINANCIAL, LLC.

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

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

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 05/23/2003

Description: PERSHING, LLC IS A CLEARING BROKER DEALER. PERSHING FUNCTIONS TO CLEAR AND MAINTAIN CASH, MARGIN, OPTION, OR OTHER ACCOUNTS ("ACCOUNTS") FOR VERITRUST FINANCIAL, LLC OR CUSTOMERS OF VERITRUST FINANCIAL, LLC.

Name: FIRST SOUTHWEST COMPANY

CRD #: 316

Business Address: 1700 PACIFIC AVENUE, SUITE 500
DALLAS, TX 75201

Effective Date: 01/16/2002

Description: FIRST SOUTHWEST COMPANY (FSWC) IS A CLEARING BROKER DEALER. FSWC FUNCTIONS ARE TO CLEAR AND MAINTAIN CASH, MARGIN, OPTION, OR OTHER ACCOUNTS ("ACCOUNTS") FOR VERITRUST FINANCIAL, LLC OR CUSTOMERS OF VERITRUST FINANCIAL, LLC.

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 not, 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.**

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	4	0
Arbitration	N/A	1	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:**
 - 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:**
 - 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:**
 - 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.
 - 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 4

Reporting Source: Regulator

Current Status: Final

**Allegations:**

SEC RULES 17A-3(A)(18), 17A-4, 17A-4(B)(1), FINRA BY-LAWS ARTICLE V, SECTION 3, NASD RULES 1120(B), 2110, 2210(B)(1)(A), 2210(B)(2)(A), 2210(C)(2)(A), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(B), 2210(D)(2)(C)(I), 2210(D)(3), 2210(E), 3010, 3012, 3013, 3070, 3110, 3110(D), AND INTERPRETATIVE MATERIAL-2210-4, MSRB RULE G-3: THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM OR WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO DETECT AND PREVENT THE CHARGING OF EXCESSIVE COMMISSIONS ON MUTUAL FUND LIQUIDATION TRANSACTIONS. THE FIRM FAILED TO PUT IN PLACE ANY SUPERVISORY SYSTEMS OR PROCEDURES TO ENSURE THAT CUSTOMERS WERE NOT INADVERTENTLY CHARGED COMMISSIONS, IN ADDITION TO THE VARIOUS FEES DISCLOSED IN THE MUTUAL FUND PROSPECTUS, ON THEIR MUTUAL FUND LIQUIDATION TRANSACTIONS. THE FIRM'S FAILURE TO TAKE SUCH ACTION RESULTED IN COMMISSIONS BEING CHARGED ON 236 TRANSACTIONS IN 125 CUSTOMER ACCOUNTS; THE TRANSACTIONS GENERATED APPROXIMATELY \$64,110 IN COMMISSIONS FOR THE FIRM. THE FIRM HAD INADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES TO ENSURE THAT ALL EMAIL CORRESPONDENCE WAS RECEIVED BY A FIRM PRINCIPAL AND RETAINED BY THE FIRM FOR THE REQUISITE TIME PERIOD; THE FIRM FAILED TO REVIEW AND RETAIN SECURITIES-RELATED EMAIL CORRESPONDENCE SENT AND RECEIVED ON AT LEAST ONE REGISTERED REPRESENTATIVE'S OUTSIDE EMAIL ACCOUNT. THE FIRM FAILED TO CONDUCT AN ANNUAL INSPECTION OF ALL OF ITS OFFICES OF SUPERVISORY JURISDICTION (OSJ) BRANCH OFFICES. THE FIRM FAILED TO COMPLY WITH VARIOUS FINRA ADVERTISING PROVISIONS IN CONNECTION WITH CERTAIN PUBLIC COMMUNICATIONS, INCLUDING WEBSITES, BILLBOARD AND NEWSLETTER. WEBSITES CONTAINED INFORMATION THAT WAS NOT FAIR AND BALANCED, DID NOT PROVIDE A SOUND BASIS FOR EVALUATING THE FACTS REPRESENTED, OR OMITTED MATERIAL FACTS. ADDITIONALLY, WEBSITES CONTAINED FALSE, EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS; THE FIRM'S WEBSITES AND THE BILLBOARD DID NOT PROMINENTLY DISCLOSE THE FIRM'S NAME; A WEBSITE, IN CONNECTION WITH A DISCUSSION OF MUTUAL FUNDS, FAILED TO DISCLOSE STANDARDIZED PERFORMANCE DATA MANDATED BY SEC RULE 482(D)(3) AND (D)(5) AND RULE 34B-1 OF THE INVESTMENT COMPANY ACT OF 1940, FAILED TO DISCLOSE THE MAXIMUM SALES CHARGE OR MAXIMUM DEFERRED SALES CHARGE AND FAILED TO IDENTIFY THE TOTAL ANNUAL FUND OPERATING EXPENSE RATIO; AND A WEBSITE, IN THE COMPARISON BETWEEN EXCHANGE TRADED FUNDS (ETFs) AND MUTUAL FUNDS FAILED TO DISCLOSE ALL MATERIAL DIFFERENCES BETWEEN THE TWO PRODUCTS. THE FIRM FAILED TO REPORT, OR TO TIMELY REPORT, CERTAIN CUSTOMER COMPLAINTS AS REQUIRED; THE FIRM ALSO FAILED TO TIMELY UPDATE A REGISTERED REPRESENTATIVE'S FORM U5 TO DISCLOSE REQUIRE INFORMATION. THE FIRM ALSO FAILED



TO CREATE AND MAINTAIN A RECORD OF A CUSTOMER COMPLAINT AND RELATED RECORDS THAT INCLUDED THE COMPLAINANT'S NAME, ADDRESS, ACCOUNT NUMBER, DATE THE COMPLAINT WAS RECEIVED, NAME OF EACH ASSOCIATED PERSON IDENTIFIED IN THE COMPLAINT, DESCRIPTION OF THE NATURE OF THE COMPLAINT, DISPOSITION OF THE COMPLAINT OR, ALTERNATIVELY, FAILED TO MAINTAIN A SEPARATE FILE THAT CONTAINED THESE INFORMATION. THE FIRM FAILED TO ENSURE THAT ALL COVERED PERSONS, INCLUDING THE FIRM'S PRESIDENT AND CEO, COMPLETED THE FIRM ELEMENT OF CONTINUING EDUCATION. THE FIRM FAILED TO COMPLY WITH NASD CONDUCT RULES 3012 AND 3013, IN THAT THE FIRM'S 3012 AND 3013 REPORTS WERE INADEQUATE. THE 3012 REPORT WAS INADEQUATE BECAUSE IT FAILED TO PROVIDE A RATIONALE FOR THE AREAS THAT WOULD BE TESTED; FAILED TO DETAILED THE MANNER AND METHOD FOR TESTING AND VERIFYING THAT THE FIRM'S SYSTEM OF SUPERVISORY POLICIES AND PROCEDURES WERE DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND LAWS; DID NOT PROVIDE A SUMMARY OF THE TEST RESULTS AND GAPS FOUND; FAILED TO DETECT REPEAT VIOLATIONS INCLUDING, FAILURE TO CONDUCT ANNUAL OSJ BRANCH INSPECTIONS, ADVERTISING VIOLATIONS, CUSTOMER COMPLAINT REPORTING, AND ENSURING THAT ALL COVERED PERSONS PARTICIPATED IN THE FIRM ELEMENT OF CONTINUING EDUCATION. (CONT. IN COMMENT)

Initiated By:	FINRA
Date Initiated:	07/14/2011
Docket/Case Number:	2008011640802
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/14/2011
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 \$90,000.00
 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 AND FINED \$90,000 (\$2,500 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-3). THE FIRM IS ALSO ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE TOTAL AMOUNT OF \$34,105.40 PLUS INTEREST AT THE RATE SET FORTH IN SECTION 6621(A)(2) OF THE INTERNAL REVENUE CODE, 26 U.S.C. 6621(A)(2), FROM JULY 1, 2008, UNTIL THE DATE THIS AWC IS ACCEPTED BY THE NAC. A REGISTERED PRINCIPAL ON BEHALF OF THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON RESPONDENT CANNOT LOCATE THE CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN 120 DAYS FROM THE DATE THE AWC IS ACCEPTED, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA IN WRITING, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. THE FIRM SHALL PROVIDE SATISFACTORY PROOF OF SUCH ACTION TO FINRA WITHIN 14 DAYS OF FORWARDING THE UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE STATE AUTHORITY.

Regulator Statement

THE 3013 REPORT DID NOT DOCUMENT THE PROCESSES FOR ESTABLISHING, MAINTAINING, REVIEWING, TESTING AND MODIFYING COMPLIANCE POLICIES TO ACHIEVE COMPLIANCE WITH APPLICABLE NASD RULES, MSRB RULES AND FEDERAL SECURITIES LAWS; AND THE MANNER AND FREQUENCY WITH WHICH THE PROCESSES ARE ADMINISTERED. THE FIRM ALSO FAILED TO ENFORCE ITS 3013 PROCEDURES REGARDING NOTIFICATION FROM CUSTOMERS REGARDING ADDRESS CHANGES.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC RULES 17A-3(A)(18), 17A-4, 17A-4(B)(1), FINRA BY-LAWS ARTICLE V, SECTION 3, NASD RULES 1120(B), 2110, 2210(B)(1)(A), 2210(B)(2)(A), 2210(C)(2)(A), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(B), 2210(D)(2)(C)(I), 2210(D)(3), 2210(E), 3010, 3012, 3013, 3070, 3110, 3110(D), AND



INTERPRETIVE MAT'L-2210-4, MSRB RULE G-3: THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM OR WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO DETECT AND PREVENT CHARGING OF EXCESSIVE COMMISSIONS ON MUTUAL FUND LIQUIDATIONS. THE FIRM FAILED TO PUT IN PLACE SUPERVISORY SYSTEMS OR PROCEDURES TO ENSURE THAT CUSTOMERS WEREN'T INADVERTENTLY CHARGED COMMISSIONS, IN ADDITION TO THE VARIOUS FEES DISCLOSED IN THE PROSPECTUS, ON MUTUAL FUND LIQUIDATIONS. THIS RESULTED IN COMMISSIONS BEING CHARGED ON 236 TRANSACTIONS IN 125 CUSTOMER ACCOUNTS; THE TRANSACTIONS GENERATED APPROX \$64,110 IN COMMISSIONS FOR THE FIRM. THE FIRM HAD INADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES TO ENSURE THAT ALL EMAIL CORRESPONDENCE WAS REC'D BY A FIRM PRINCIPAL AND RETAINED BY THE FIRM FOR THE REQUIRED TIME PERIOD; FIRM FAILED TO REVIEW AND RETAIN SECURITIES-RELATED EMAIL SENT AND REC'D ON AT LEAST ONE REGISTERED REP'S OUTSIDE EMAIL ACCOUNT. FIRM FAILED TO CONDUCT AN ANNUAL AUDIT OF ALL OSJ BRANCH OFFICES. FIRM FAILED TO COMPLY WITH VARIOUS FINRA ADVERTISING PROVISIONS REGARDING CERTAIN PUBLIC COMMUNICATIONS, INCLUDING WEBSITES, A BILLBOARD AND A NEWSLETTER. SOME WEBSITES CONTAINED INFORMATION THAT WAS NOT FAIR AND BALANCED, DID NOT PROVIDE A SOUND BASIS FOR EVALUATING THE FACTS REPRESENTED, OR OMITTED MATERIAL FACTS. SOME WEBSITES CONTAINED FALSE, EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS; SOME WEBSITES AND A BILLBOARD DID NOT PROMINENTLY DISCLOSE THE FIRM'S NAME; A WEBSITE WITH A DISCUSSION OF MUTUAL FUNDS, FAILED TO DISCLOSE STANDARDIZED PERFORMANCE DATA MANDATED BY SEC RULE 482(D)(3) AND (D)(5) AND RULE 34B-1 OF THE INVESTMENT COMPANY ACT OF 1940, FAILED TO DISCLOSE THE MAX SALES CHARGE OR MAX DEFERRED SALES CHARGE AND FAILED TO IDENTIFY THE TOTAL ANNUAL FUND OPERATING EXPENSE RATIO; A WEBSITE, THAT COMPARED EXCHANGE TRADED FUNDS AND MUTUAL FUNDS FAILED TO DISCLOSE ALL MATERIAL DIFFERENCES BETWEEN THE PRODUCTS. THE FIRM FAILED TO REPORT, OR TIMELY REPORT, CUSTOMER COMPLAINTS AS REQUIRED; THE FIRM FAILED TO TIMELY UPDATE A REGISTERED REP'S FORM U5 TO DISCLOSE REQ'D INFO. THE FIRM FAILED TO CREATE AND MAINTAIN A RECORD OF A CUSTOMER COMPLAINT AND RELATED RECORDS THAT INCLUDED THE COMPLAINANT'S NAME, ADDRESS, ACCOUNT NUMBER, DATE THE COMPLAINT WAS REC'D, NAME OF EACH ASSOCIATED PERSON IDENTIFIED IN THE COMPLAINT, DESC OF THE NATURE OF THE COMPLAINT, DISPOSITION OF THE COMPLAINT AND/OR FAILED TO MAINTAIN A SEPARATE FILE THAT CONTAINED THIS INFO. THE FIRM FAILED TO ENSURE THAT ALL COVERED PERSONS, INCL THE FIRM'S PRESIDENT/CEO, COMPLETED THE FIRM ELEMENT CONTINUING



EDUCATION (CE). THE FIRM FAILED TO COMPLY WITH NASD CONDUCT RULES 3012 AND 3013, IN THAT THE FIRM'S 3012 AND 3013 REPORTS WERE INADEQUATE. THE 3012 RPT FAILED TO PROVIDE A RATIONALE FOR THE AREAS THAT WOULD BE TESTED; FAILED TO DETAIL THE MANNER/METHOD FOR TESTING AND VERIFYING THAT THE FIRM'S SUPERVISORY POLICIES AND PROCEDURES WERE DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND LAWS; DID NOT PROVIDE A SUMMARY OF THE TEST RESULTS AND GAPS FOUND; FAILED TO DETECT REPEAT VIOLATIONS INCLUDING, FAILURE TO CONDUCT ANNUAL OSJ BRANCH AUDITS, ADVERTISING VIOLATIONS, CUSTOMER COMPLAINT REPORTING, AND ENSURING THAT ALL COVERED PERSONS PARTICIPATED IN FIRM ELEMENT CE. THE 3013 RPT DIDN'T DOCUMENT THE PROCESSES FOR ESTABLISHING, MAINTAINING, REVIEWING, TESTING AND MODIFYING COMPLIANCE POLICIES TO ACHIEVE COMPLIANCE WITH APPLICABLE NASD RULES, MSRB RULES AND FEDERAL SECURITIES LAWS; AND THE MANNER AND FREQUENCY WITH WHICH THE PROCESSES ARE ADMINISTERED. THE FIRM ALSO FAILED TO ENFORCE ITS 3013 PROCEDURES REGARDING NOTIFICATION FROM CUSTOMERS ABOUT ADDRESS CHANGES.

Initiated By:	FINRA
Date Initiated:	07/14/2011
Docket/Case Number:	2008011640802
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/14/2011
Sanctions Ordered:	Censure Monetary/Fine \$90,000.00 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 AND FINED \$90,000 (\$2,500 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-3). THE FIRM IS



ALSO ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE TOTAL AMOUNT OF \$34,105.40 PLUS INTEREST AT THE RATE SET FORTH IN SECTION 6621(A)(2) OF THE INTERNAL REVENUE CODE, 26 U.S.C. 6621(A)(2), FROM JULY 1, 2008, UNTIL THE DATE THIS AWC IS ACCEPTED BY THE NAC. A REGISTERED PRINCIPAL ON BEHALF OF THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON RESPONDENT CANNOT LOCATE THE CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN 120 DAYS FROM THE DATE THE AWC IS ACCEPTED, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA IN WRITING, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. THE FIRM SHALL PROVIDE SATISFACTORY PROOF OF SUCH ACTION TO FINRA WITHIN 14 DAYS OF FORWARDING THE UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE STATE AUTHORITY.

Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM EXECUTED AN AWC WITH FINRA FOR ITEMS BROUGHT TO THE FIRM'S ATTENTION DURING THE 2008 ROUTINE CYCLE EXAMINATION. THE FIRM DESIGNATED A NEW CHIEF COMPLIANCE OFFICER IN 2008 AT THE CONCLUSION OF THE ONSITE EXAMINATION.

Disclosure 2 of 4

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SECTIONS 15 AND 17 OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 15(C) OF EXCHANGE ACT, AND SEC RULES 15C2-4, 15C3-1, 17A-3, 17A-5, 17A-11, THEREUNDER, NASD RULES 2110, 3010, 3070, ARTICLE V, SECTIONS 2 AND 3 OF FINRA BY-LAWS - RESPONDENT MEMBER CONDUCTED SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL AND AS A RESULT THE FIRM'S ORIGINAL NET CAPITAL COMPUTATIONS AND FOCUS REPORTS WERE MATERIALLY INACCURATE. THE FINDINGS STATED THAT THE FIRM FAILED TO FILE NOTICE OF ITS NET CAPITAL DEFICIENCIES. THE FINDINGS ALSO STATED THAT, IN CONNECTION WITH BEST EFFORTS CONTINGENT PRIVATE PLACEMENT OFFERINGS, THE FIRM DEPOSITED INVESTOR FUNDS INTO SEPARATE ACCOUNTS AT AN ESCROW COMPANY WHICH PRIMARILY PROVIDED SERVICES FOR REAL ESTATE TRANSACTIONS, RATHER THAN AT A BANK AS REQUIRED BY RULE 15C2-4. THE FINDINGS ALSO INCLUDED THAT THE FIRM HAD INADEQUATE PROCEDURES REGARDING



CONTINGENT SECURITIES OFFERINGS. FINRA FOUND THAT THE FIRM FAILED TO REPORT DISCLOSURE EVENTS PURSUANT TO NASD RULE 3070 AND FAILED TO UPDATE, OR TO TIMELY UPDATE, UNIFORM APPLICATIONS FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER (FORMS U4) OR UNIFORM TERMINATION NOTICES FOR SECURITIES INDUSTRY REGISTRATION (FORMS U5) TO DISCLOSE REQUIRED INFORMATION.

Initiated By: FINRA

Date Initiated: 10/12/2007

Docket/Case Number: [2005003230201](#)

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: 10/12/2007

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 \$25,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, VERITRUST FINANCIAL, LLC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS CENSURED AND FINED \$25,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NET CAPITAL AND RELATED BOOKS AND RECORDS;
CONTINGENT PRIVATE PLACEMENT OFFERING ESCROW VIOLATIONS;
INADEQUATE SUPERVISORY PROCEDURES RELATED TO CONTINGENT
PRIVATE PLACEMENT OFFERINGS; AND FAILURE TO FILE 3070 REPORTS.



Initiated By: FINRA
Date Initiated: 10/12/2007
Docket/Case Number: [2005003230201](#)
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/12/2007
Sanctions Ordered: Censure
 Monetary/Fine \$25,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, VERITRUST FINANCIAL CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$25,000.

Disclosure 3 of 4

Reporting Source: Regulator
Current Status: Final
Allegations: SEC RULES 15C3-1, 17A-11, 17A-5, NASD RULE 2110 - VERITRUST FINANCIAL, LLC ENGAGED IN A SECURITIES BUSINESS WHEN THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM; FAILED AND NEGLECTED TO PROVIDE NOTIFICATION THAT ITS NET CAPITAL WAS BELOW THE REQUIRED MINIMUM; AND FAILED AND NEGLECTED TO FILE AN ACCURATE FOCUS PART IIA REPORT FOR ONE MONTH.
Initiated By: NASD
Date Initiated: 04/12/2006
Docket/Case Number: E062004012002
Principal Product Type: No Product
Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/12/2006

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 \$7,500.00

Other Sanctions Ordered:

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

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULES 15C3-1, 17A-11, 17A5, NASD RULE 2110 -- ENGAGED IN SECURITIES BUSINESS WHEN THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM; FAILED AND NEGLECTED TO PROVIDE NOTIFICATION THAT ITS NET CAPITAL WAS BELOW THE REQUIRED MINIMUM; AND FAILED AND NEGLECTED TO FILE AN ACCURATE FOCUS PART IIA REPORT FOR ONE MONTH.

Initiated By: NASD

Date Initiated: 04/12/2006

Docket/Case Number: E062004012002

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

**Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 04/12/2006**Sanctions Ordered:** Censure
Monetary/Fine \$7,500.00**Other Sanctions Ordered:****Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, VERITRUST FINANCIAL CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.**Firm Statement** AS A RESULT OF A NASD AUDIT, AN ASSET AND RELATED LIABILITY WERE RESTATED RESULTING IN A NET CAPITAL VIOLATION. UPON RESOLUTION OF THE MATTER WITH THE NASD, AN AMENDED FOCUS REPORT WAS FILED AND THE MINIMUM NET CAPITAL POSITION WAS RESTORED.**Disclosure 4 of 4****Reporting Source:** Regulator**Current Status:** Final**Allegations:** NASD CONDUCT RULES 2110 AND 3010- RESPONDENT FIRM, ACTING THROUGH AN INDIVIDUAL, FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ADDRESS THE PROCESSING OF REQUESTS FOR DISBURSEMENT OF FUNDS FROM CUSTOMER ACCOUNTS.**Initiated By:** NASD**Date Initiated:** 12/28/2005**Docket/Case Number:** E062004019502**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: 12/28/2005

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

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, HE IS FINED \$5,000, JOINTLY AND SEVERALLY.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT FIRM, ACTING THROUGH AN INDIVIDUAL, FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ADDRESS THE PROCESSING OF REQUESTS FOR DISBURSEMENTS OF FUNDS FROM CUSTOMER ACCOUNTS.

Initiated By: NASD

Date Initiated: 12/28/2005

Docket/Case Number: E062004019502

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: 12/28/2005

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF



FINDINGS; THEREFORE, RESPONDENT IS FINED \$5,000, JOINTLY AND SEVERALLY.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.
The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	10/14/2003
Case Number:	03-06830
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$400,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/06/2004
Sum of All Relief Awarded:	\$184,900.01

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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