

**BrokerCheck Report**

**NETWORK 1 FINANCIAL SECURITIES INC.**

CRD# 13577

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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)



## NETWORK 1 FINANCIAL SECURITIES INC.

CRD# 13577

SEC# 8-29471

### Main Office Location

THE GALLERIA, SUITE 241  
2 BRIDGE AVENUE  
RED BANK, NJ 07701  
Regulated by FINRA Woodbridge Office

### Mailing Address

THE GALLERIA, SUITE 241  
2 BRIDGE AVENUE  
RED BANK, NJ 07701

### Business Telephone Number

732-758-9001

## 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 Texas on 03/15/1983.

Its fiscal year ends in June.

### 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
- 48 U.S. states and territories

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

This firm conducts 13 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have 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	14
Civil Event	2
Arbitration	1



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 03/15/1983.

Its fiscal year ends in June.

## 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.

### **NETWORK 1 FINANCIAL SECURITIES INC.**

**Doing business as NETWORK 1 FINANCIAL SECURITIES INC.**

**CRD#** 13577

**SEC#** 8-29471

### **Main Office Location**

THE GALLERIA, SUITE 241  
2 BRIDGE AVENUE  
RED BANK, NJ 07701

**Regulated by FINRA Woodbridge Office**

### **Mailing Address**

THE GALLERIA, SUITE 241  
2 BRIDGE AVENUE  
RED BANK, NJ 07701

### **Business Telephone Number**

732-758-9001



## Firm Profile

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

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	NETWORK 1 FINANCIAL GROUP, INC.( ISSI)
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	SHAREHOLDER
<b>Position Start Date</b>	06/2009
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	Yes

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<b>Legal Name &amp; CRD# (if any):</b>	HUNT, RICHARD WILLIAM 830574
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CEO, DIRECTOR
<b>Position Start Date</b>	02/1992
<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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<b>Legal Name &amp; CRD# (if any):</b>	HUNT, WILLIAM RICHARD JR 830575
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, PRESIDENT, COO & FINOP
<b>Position Start Date</b>	06/2009

**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):** MOLINARO, MICHAEL ROBERT  
2358346

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 07/2017

**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

**Legal Name & CRD# (if any):** TESTAVERDE, DAMON DOMENIC  
444453

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

**Position** VICE PRESIDENT

**Position Start Date** 06/2009

**Percentage of Ownership** Less than 5%

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

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



## Firm Profile

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

### Indirect Owners

**Legal Name & CRD# (if any):** ARDINGER, MARY  
6305182

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

**Company through which indirect ownership is established** H. T. ARDINGER AND SON

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 01/2013

**Percentage of Ownership** 75% or more

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

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

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**Legal Name & CRD# (if any):** HUANG, SHANCHUN  
5908038

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

**Company through which indirect ownership is established** WINDEX CAPITAL, LLC

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 09/2010

**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

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**Legal Name & CRD# (if any):** XIAO, KELI

## Firm Profile



### Indirect Owners (continued)

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	CENTREX CAPITAL IBG, INC.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	08/2013
<b>Percentage of Ownership</b>	25% but less than 50%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	CENTREX CAPITAL IBG, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	NETWORK 1 FINANCIAL GROUP, INC. (ISSI)
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	09/2013
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	H.T. ARDINGER AND SON
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	NETWORK 1 FINANCIAL GROUP, INC. (ISSI)





## Firm Profile

### Indirect Owners (continued)

<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2009
<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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<b>Legal Name &amp; CRD# (if any):</b>	HUNT, RICHARD WILLIAM 830574
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	NETWORK 1 FINANCIAL GROUP, INC. (ISSI)
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2009
<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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<b>Legal Name &amp; CRD# (if any):</b>	HUNT, WILLIAM RICHARD JR 830575
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	NETWORK 1 FINANCIAL GROUP, INC. (ISSI)
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2009



## Firm Profile

### Indirect Owners (continued)

**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):** LABARBARA, VINCENT WILLIAM  
1108987

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

**Company through which indirect ownership is established** NETWORK 1 FINANCIAL GROUP, INC. (ISSI)

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 07/2011

**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):** TESTAVERDE, DAMON DOMENIC  
444453

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

**Company through which indirect ownership is established** NETWORK 1 FINANCIAL GROUP, INC. (ISSI)

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 06/2009

**Percentage of Ownership** Other General Partners

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

## Firm Profile



### Indirect Owners (continued) the firm?

Is this a public reporting company? No

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Legal Name & CRD# (if any): WINDEX CAPITAL LLC

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

Company through which indirect ownership is established NETWORK 1 FINANCIAL GROUP, INC. (ISSI)

Relationship to Direct Owner SHAREHOLDER

Relationship Established 03/2011

Percentage of Ownership Other General Partners

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

Is this a public reporting company? Yes

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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 48 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	05/18/1983

### 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	08/17/1983
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	03/11/1993
Arizona	Approved	04/15/2013
Arkansas	Approved	12/09/2003
California	Approved	07/06/1984
Colorado	Approved	07/03/1984
Connecticut	Approved	08/08/1988
Delaware	Approved	11/18/1988
District of Columbia	Approved	03/16/1996
Florida	Approved	07/20/1984
Georgia	Approved	02/15/1989
Hawaii	Approved	11/13/2003
Idaho	Approved	12/08/2015
Illinois	Approved	01/18/1989
Indiana	Approved	03/31/2004
Iowa	Approved	01/15/2013
Kansas	Approved	02/04/2013
Kentucky	Approved	01/27/2000
Louisiana	Approved	08/15/1990
Maryland	Approved	01/23/1989
Massachusetts	Approved	08/14/1991
Michigan	Approved	02/14/1989
Minnesota	Approved	05/14/1991
Mississippi	Approved	06/28/2004
Montana	Approved	05/04/2004
Nebraska	Approved	10/08/1999
Nevada	Approved	03/15/2004
New Hampshire	Approved	06/20/2013
New Jersey	Approved	06/06/1988
New York	Approved	05/25/1988
North Carolina	Approved	11/22/1996
North Dakota	Approved	01/18/2013
Ohio	Approved	02/27/1989
Oklahoma	Approved	09/08/1999

U.S. States & Territories	Status	Date Effective
Oregon	Approved	10/31/2003
Pennsylvania	Approved	09/05/1984
Puerto Rico	Approved	08/17/2004
Rhode Island	Approved	04/30/2004
South Carolina	Approved	11/25/1996
South Dakota	Approved	02/19/2015
Tennessee	Approved	01/11/1997
Texas	Approved	08/15/1983
Utah	Approved	07/14/2006
Vermont	Approved	07/09/1992
Virginia	Approved	10/27/1993
Washington	Approved	02/20/1996
West Virginia	Approved	02/21/1996
Wisconsin	Approved	10/18/1999
Wyoming	Approved	03/10/2004



## 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 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 broker

Broker or dealer selling variable life insurance or annuities

Broker or dealer selling oil and gas interests

Put and call broker or dealer or option writer

Broker or dealer selling tax shelters or limited partnerships in primary distributions

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 not refer or introduce customers to other brokers and dealers.**



## Firm Operations

### Industry Arrangements



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

**Name:** COR CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 9300 UNDERWOOD AVENUE, SUITE 400  
OMAHA, NE 68114  
**Effective Date:** 08/11/2010  
**Description:** FULLY DISCLOSED CLEARING HOUSE

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

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

#### 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.

**NETWORK 1 FINANCIAL ASSURANCE, INC. is under common control with the firm.**

<b>Business Address:</b>	THE GALLERIA 2 BRIDGE AVENUE, SUITE 241 RED BANK, NJ 07701
<b>Effective Date:</b>	05/05/1998
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	SHAREHOLDERS OF PARENT OF BD ARE SIMILAR SHAREHOLDERS OF ASSURANCE.

**NETWORK 1 FINANCIAL FUND ADVISER, LLC is under common control with the firm.**

<b>CRD #:</b>	171705
<b>Business Address:</b>	THE GALLERIA 2 BRIDGE AVENUE, SUITE 241 RED BANK, NJ 07701
<b>Effective Date:</b>	05/01/2013
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	100% OWNED BY NETWORK 1 FINANCIAL GROUP, INC.

**NETWORK 1 FINANCIAL CAPITAL MANAGEMENT is under common control with the firm.**

**Firm Operations****Organization Affiliates (continued)**

**Business Address:** THE GALLERIA 2 BRIDGE AVENUE, SUITE 241  
RED BANK, NJ 07701

**Effective Date:** 05/03/2013

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** 100% OWNED BY NETWORK 1 FINANCIAL GROUP, INC.

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**NETWORK 1 FINANCIAL ADVISORS INC. is under common control with the firm.**

**CRD #:** 121239

**Business Address:** 2 BRIDGE AVE  
BLDG 2 - 4 FL  
RED BANK, NJ 07701

**Effective Date:** 06/02/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** RICHARD W. HUNT AND WILLIAM R. HUNT ARE MAJORITY CONTROL PERSONS FOR NETWORK 1 FINANCIAL ADVISORS INC (CRD 121239).

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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	14	0
Civil Event	2	0	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:**
  - 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 14

**Reporting Source:** Regulator  
**Current Status:** Final



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO SUPERVISE REPRESENTATIVES' SALES OF LEVERAGED, INVERSE, AND INVERSE-LEVERAGED EXCHANGE-TRADED FUNDS (NON-TRADITIONAL ETFS). THE FINDINGS STATED THAT APPROXIMATELY 29 FIRM REGISTERED REPRESENTATIVES TRADED NON-TRADITIONAL ETFS IN 167 CUSTOMER ACCOUNTS. THESE REPRESENTATIVES EXECUTED 645 NON-TRADITIONAL ETF TRANSACTIONS TOTALING APPROXIMATELY \$48 MILLION. THE FIRM HAD INADEQUATE WSPS REGARDING THE SUITABILITY AND SUPERVISION OF NON-TRADITIONAL ETFS. SPECIFICALLY, THE FIRM HAD NO PROCEDURES ADDRESSING NON-TRADITIONAL ETFS. THE FIRM ADDED A SECTION TO ITS WSPS THAT INCLUDED A GENERAL DESCRIPTION OF ETFS. THIS SECTION MENTIONED SOME OF THE RISKS INHERENT IN NON-TRADITIONAL ETFS, INCLUDING THAT THE PERFORMANCE OF THESE PRODUCTS "CAN DIFFER SIGNIFICANTLY FROM THE UNDERLYING INDEX OR BENCHMARK DURING THE SAME TIME PERIOD." HOWEVER, THIS NEW SECTION DID NOT PROVIDE ANY GUIDANCE TO THE FIRM'S SUPERVISORS REGARDING HOW THEY SHOULD SUPERVISE NON-TRADITIONAL ETFS IN LIGHT OF THE UNIQUE FEATURES AND RISKS INHERENT IN THESE PRODUCTS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT HAVE AN ADEQUATE SYSTEM FOR THE REVIEW OF NON-TRADITIONAL ETF TRANSACTIONS TO ENSURE THEIR SUITABILITY. FOR EXAMPLE, THE FIRM HAD NO EXCEPTION REPORTS SPECIFIC TO NON-TRADITIONAL ETFS, AND NO AUTOMATED METHOD OF MONITORING NON-TRADITIONAL ETF HOLDING PERIODS. THE FIRM DID NOT REQUIRE SUPERVISORS TO REVIEW OPEN POSITIONS IN NON-TRADITIONAL ETFS HELD FOR EXTENDED PERIODS OR RESULTING IN UNREALIZED LOSSES. NOR DID THE FIRM IMPOSE ANY LIMITATIONS ON TRADING OR HOLDING NON-TRADITIONAL ETFS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROVIDE NON-TRADITIONAL ETF TRAINING TO REPRESENTATIVES AND THEIR SUPERVISORS. THE FIRM DID NOT INCLUDE THE TOPIC OF NON-TRADITIONAL ETFS AT ITS ANNUAL COMPLIANCE MEETINGS, CONTINUING EDUCATION PROGRAMS, OR IN ANY OTHER TYPE OF FIRM TRAINING. IN ADDITION, THE FIRM DID NOT REQUIRE ITS REPRESENTATIVES TO COMPLETE PRODUCT-SPECIFIC TRAINING ON NON-TRADITIONAL ETFS BEFORE RECOMMENDING THEM TO CUSTOMERS.

**Initiated By:** FINRA  
**Date Initiated:** 10/02/2017  
**Docket/Case Number:** [2015046575201](#)  
**Principal Product Type:** Other



**Other Product Type(s):** NON-TRADITIONAL EXCHANGE-TRADED FUNDS

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

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

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

**Resolution Date:** 10/02/2017

**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 \$20,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$20,000, AND AGREES TO REVIEW AND REVISE, AS NECESSARY, THE FIRM'S SYSTEMS, POLICIES AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING WITH RESPECT TO THE SALE OF NON-TRADITIONAL ETFs.

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**Reporting Source:** Firm

**Current Status:** Final

**Appealed To and Date Appeal Filed:** NOT APPLICABLE

**Allegations:** DURING AUGUST 2010 THROUGH SEPTEMBER 2015, FIRM HAS INADEQUATE WSPS REGARDING THE SUITABILITY AND SUPERVISION OF NON-TRADITIONAL ETFs.

**Initiated By:** FINRA

**Date Initiated:** 07/10/2017

**Docket/Case Number:** [2015046575201](#)

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADITIONAL EXCHANGE TRADED FUNDS

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



<b>Other Sanction(s)/Relief Sought:</b>	\$20,000.00 FINE.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/02/2017
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	A PAYMENT PLAN IS IN PLACE FOR THE \$20,000.00 FINE.
<b>Firm Statement</b>	THE FIRM HAS UPDATED RELEVANT PROVISIONS OF ITS WSPS FOR SUPERVISION OF AND TRAINING FOR NON-TRADITIONAL ETFs.

#### Disclosure 2 of 14

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RULE 17A-3 OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 200(G) OF REGULATION SHO, FINRA RULES 2010, 3110, 6622(C), 6622(D): THE FIRM INCORRECTLY REPORTED ITS CAPACITY AS AGENT RATHER THAN PRINCIPAL FOR 48 PROPRIETARY OVER-THE-COUNTER (OTC) EQUITY SECURITIES TRANSACTIONS IT EXECUTED INVOLVING THE SAME SECURITY. THE FIRM EXECUTED 268 SHORT SALE TRANSACTIONS INVOLVING THE SAME SECURITY. THE FIRM, HOWEVER, FAILED TO REPORT 20 (7.5%) OF THOSE TRANSACTIONS AS SHORT SALES. FURTHERMORE, IN EACH OF THOSE 20 INSTANCES, THE FIRM FAILED TO MARK THE TRADE AS A SHORT SALE ON THE CORRESPONDING ORDER TICKET.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/01/2011
<b>Docket/Case Number:</b>	<a href="#">2010020986801</a>
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<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>	09/01/2011
<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
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<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 IT IS CENSURED AND FINED \$12,500. FINE PAID ON MAY 20, 2013.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	RULE 17A-3 OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 200(G) OF REGULATION SHO, FINRA RULES 2010, 3110, 6622(C), 6622(D): THE FIRM INCORRECTLY REPORTED ITS CAPACITY AS AGENT RATHER THAN PRINCIPAL FOR THE 48 PROPRIETARY OVER-THE-COUNTER EQUITY SECURITIES TRANSACTIONS IT EXECUTED INVOLVING THE SAME SECURITY. THE FIRM EXECUTED 268 SHORT SALE TRANSACTIONS INVOLVING THE SAME SECURITY. THE FIRM FAILED TO REPORT 20 (7.5%) OF THOSE TRANSACTION AS SHORT SALES. IN EACH OF THOSE 20 INSTANCES, THE FIRM FAILED TO MARK THE TRADE AS A SHORT SALE ON THE CORRESPONDING ORDER TICKET.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/01/2011
<b>Docket/Case Number:</b>	<a href="#">2010020986801</a>
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other



<b>Other Sanction(s)/Relief Sought:</b>	AWC
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/01/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTS TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

#### Disclosure 3 of 14

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010, 6955(A) - NETWORK 1 FINANCIAL SECURITIES INC. TRANSMITTED EXECUTION OR COMBINED ORDER/EXECUTION REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA SO THAT OATS WAS UNABLE TO LINK THE EXECUTION REPORTS TO THE RELATED TRADE REPORTS IN A FINRA TRADE REPORTING SYSTEM AND REPRESENTED ALL MATCH-ELIGIBLE EXECUTION OR COMBINED ORDER/EXECUTION REPORTS THAT THE FIRM TRANSMITTED TO OATS DURING THAT PERIOD. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING OATS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/02/2010
<b>Docket/Case Number:</b>	<a href="#">2008013567901</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)



**Resolution Date:** 09/02/2010

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

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

**Other Sanctions Ordered:** 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 \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING OATS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL FEBRUARY 14, 2012.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 6955(A) - NETWORK 1 FINANCIAL SECURITIES INC. TRANSMITTED EXECUTION OR COMBINED ORDER/EXECUTION REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA SO THAT OATS WAS UNABLE TO LINK THE EXECUTION REPORTS TO THE RELATED TRADE REPORTS IN A FINRA TRADE REPORTING SYSTEM AND REPRESENTED ALL MATCH-ELIGIBLE EXECUTION OR COMBINED ORDER/EXECUTION REPORTS THAT THE FIRM TRANSMITTED TO OATS DURING THAT PERIOD. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING OATS.

**Initiated By:** FINRA

**Date Initiated:** 05/30/2008

**Docket/Case Number:** [2008013567901](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** NASDAQ 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:** 09/02/2010  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:** WSPS TO BE AMENDED TO ADDRESS OATS REPORTING.  
**Sanction Details:** A MONETARY FINE AND CENSURE TOTALING 10,000 USD. PAYMENT PLAN; 2,500 USD PAID UPFRONT.  
**Firm Statement** FIRM HAS TRAINED RELEVANT PERSONNEL ON OATS REPORTING, WSPS ARE ADJUSTED ACCORDINGLY, AND TRADES ARE BEING REPORTED TO OATS PROPERLY

**Disclosure 4 of 14**

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULES 2110, 2111(B), INTERPRETATIVE MATERIAL 2110-2 - NETWORK 1 FINANCIAL SECURITIES ACCEPTED AND HELD CUSTOMER MARKET ORDERS, TRADED FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER MARKET ORDERS, AND FAILED TO IMMEDIATELY THEREAFTER EXECUTE THE CUSTOMER MARKET ORDERS. THE FIRM FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER.  
**Initiated By:** FINRA  
**Date Initiated:** 04/06/2010  
**Docket/Case Number:** [2007011069801](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** NASDAQ SECURITIES, UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**



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

**Resolution Date:** 04/06/2010

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2111(B), INTERPRETATIVE MATERIAL 2110-2 - NETWORK 1 FINANCIAL SECURITIES ACCEPTED AND HELD CUSTOMER MARKET ORDERS, TRADED FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER MARKET ORDERS, AND FAILED TO IMMEDIATELY THEREAFTER EXECUTE THE CUSTOMER MARKET ORDERS. THE FIRM FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER.

**Initiated By:** FINRA

**Date Initiated:** 04/06/2010

**Docket/Case Number:** [2007011069801](#)

**Principal Product Type:** Other

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

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

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

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



**Resolution Date:** 04/06/2010

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

**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 \$10,000.

#### Disclosure 5 of 14

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTION 5 OF THE SECURITIES ACT OF 1933, NASD RULES 2110, 3010(A) AND (B): BETWEEN APRIL 2003 AND SEPTEMBER 2004, NETWORK 1 FINANCIAL SECURITIES INC. ("NETWORK"), ACTING THROUGH AN ASSOCIATED PERSON, SOLICITED ONE OF ITS CUSTOMERS, WHO WAS A CONTROLLING SHAREHOLDER OF A COMPANY, TO SELL THE FIRM SHARES OF THE COMMON STOCK IN AMOUNTS THAT EXCEEDED THAT EXCEEDED THE LIMITS THAT A CONTROLLING SHAREHOLDER COULD SELL IN PUBLIC TRANSACTIONS. NETWORK PURCHASED THESE SHARES WITH THE INTENT TO DISTRIBUTE THEM THROUGH ITS MARKET MAKING ACTIVITIES AND THEN RESOLD THEM TO THE PUBLIC. NETWORK, ACTING THROUGH AN ASSOCIATED PERSON, FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933, IN VIOLATION OF NASD RULE 3010(A) AND (B) AND 2110.

**Initiated By:** NASD

**Date Initiated:** 07/11/2007

**Docket/Case Number:** [EAF0400940001](#)

**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:** 07/11/2007

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

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

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDING, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$100,000 AND AGREES TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS, PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO MARKET MAKING AND RETAIL ACTIVITY.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED VIOLATIONS: SEC RULE10B-5; SEC RULE 144; AND, NASD RULE 2110, 2120, 3130 WITH REGARD TO SUPERVISION OF REGISTERED REPRESENTATIVE AND ALLEGED FAILURE TO ESTABLISH AND MAINTAIN WSPS WITH REGARD TO SECTION 5 OF THE SECURITIES ACT OF 1933 IN CONNECTION WITH SEC RULE 144.

**Initiated By:** NASD

**Date Initiated:** 07/11/2007

**Docket/Case Number:** [EAF0400940001](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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



<b>Resolution Date:</b>	07/11/2007
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00 Suspension
<b>Other Sanctions Ordered:</b>	WITHOUT ADMITTING OR DENYING THE FINDING, THE FIRM CONSENTED TO THIS AWC: FIRM IS CENSURED (WITHOUT SUSPENSION), FINED \$100,000.00 AND AGREES TO RETAIN AN INDEPENDANT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICY, SYSTEMS, PROCEDURES AND TRAINING RELATED TO MARKET MAKING AND RETAIL ACTIVITY. IN NOVEMBER 2007, FIRM RETAINED INDEPENDENT CONSULTANT TO PERFORM REVIEW OF FIRM'S POLICIES AND PROCEDURES PURSUANT TO THIS AWC. SAID REVIEW WAS COMPLETED AND CONSULTANT'S REPORT WAS PROVIDED TO NASD IN DECEMBER 2007, AND PAID IN INCREMENTS TO NASD.
<b>Sanction Details:</b>	CONTROL PERSON, RICHARD W. HUNT (CCO) WAS SUSPENDED IN HIS PRINCIPAL CAPACITY, STARTING ON 09/06/2007 AND ENDING ON 09/19/2007, AND PAID A \$25,000.00 FINE TO NASD. CONTROL PERSON, DAMON TESTAVERDE WAS SUSPENDED IN ALL CAPACITIES, STARTING ON 09/20/2007 AND ENDING ON 01/19/2008, AND PAID A \$50,000.00 FINE TO NASD.
<b>Firm Statement</b>	FINES ARE CURRENTLY BEING PAID VIA NASD APPROVED PAYMENT PLAN, CONTROL PERSONS TERMS OF SUSPENSIONS FULFILLED, AND INDEPENDENT CONSULTANT REVIEW COMPLETED AND REPORT FILED WITH NASD.

#### Disclosure 6 of 14

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SECTION 15(C) OF THE EXCHANGE ACT, SEC RULE 15C3-1, NASD RULE 2110 - NETWORK 1 FINANCIAL SECURITIES, INC., ACTING THROUGH AN INDIVIDUAL, UTILIZED THE INSTRUMENTALITIES OF INTERSTATE COMMERCE TO CONDUCT A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN THE MINIMUM REQUIRED NET CAPITAL.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	06/14/2004
<b>Docket/Case Number:</b>	C9B040053
<b>Principal Product Type:</b>	No Product



**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 06/14/2004**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 \$12,500.00**Other Sanctions Ordered:****Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, NETWORK 1 FINANCIAL SECURITIES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$12,500, JOINTLY AND SEVERALLY.**Reporting Source:** Firm**Current Status:** Final**Allegations:** NET CAPITAL VIOLATION,**Initiated By:** NASD**Date Initiated:** 05/20/2004**Docket/Case Number:** E9B030310/C9B040053**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)



<b>Resolution Date:</b>	06/14/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	REQUIRED TO TAKE SERIES 27 EXAM TAKEN 09/08/2004. FINE BEING PAID ON A SCHEDULED ARRANGMENT WITH NASD
<b>Firm Statement</b>	AN ACCOUNTING PROCEEDURE DISAGREENENT BETWEEN FIRM AND NASD.TIME PERIOD IN QUESTION MAR,APR,MAY,JUNE 2003

#### Disclosure 7 of 14

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLETIONS OF ARTICLE III, SECTIONS 1, 13, 18, 25 AND 27 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER FIRM AND OTHERS DISTRIBUTED SHARES OF COMMON STOCK TO MEMBERS OF THE PUBLIC WHEN THEY KNEW, OR REASONABLY SHOULD HAVE KNOWN, THAT NO REGISTRATION STATEMENT HAD BEEN FILED WITH THE SEC FOR THE DISTRIBUTION OF SUCH SECURITIES, AND THAT NO EXEMPTION FROM REGISTRATION FOR SUCH TRANSACTIONS WAS AVAILABLE; RESPONDENT MEMBER AND OTHERS FAILED TO DISCLOSE TO CUSTOMERS WHO PURCHASED SECURITIES SOLD BY AN INDIVIDUAL EITHER ORALLY OR IN WRITING AT OR BEFORE THE COMPLETION OF THE TRANSACTIONS THAT THE INDIVIDUAL WAS A CONTROL PERSON OF THE ISSUER OF THE STOCK AND AT THE SAME TIME CONTROLLED RESPONDENT MEMBER FIRM'S BRANCH OFFICE; RESPONDENT MEMBER, AND OTHERS COMMITTED FRAUD IN THE OFFER AND SALES OF SECURITIES BY MAKING UNTRUE STATEMENTS OF MATERIAL FACT AND/OR OMITTING TO STATE MATERIAL FACTS, AND ENGAGED IN ACTS, PRACTICES, AND COURSES OF BUSINESS WHICH OPERATED AS A FRAUD OR DECEIT UPON THE PERSONS WHO PURCHASED SUCH SECURITIES; RESPONDENT MEMBER, AND OTHERS VIOLATED SCHEDULE C OF THE NASD BY-LAWS BY FAILING TO HAVE AN INDIVIDUAL REGISTERED AS A GENERAL SECURITIES REPRESENTATIVE AND GENERAL SECURITIES PRINCIPAL; ALLOWED THE INDIVIDUAL TO BE ASSOCIATED WITH RESPONDENT MEMBER FIRM WHEN HE WAS STATUTORILY DISQUALIFIED; MADE PAYMENTS OF COMMISSION-RELATED COMPENSATION TO THE INDIVIDUAL, EVEN THOUGH HE WAS A NONREGISTERED PERSON AT THE TIME OF COMPENSATION; FAILED TO MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES DESIGNED TO ENABLE THEM TO SUPERVISE PROPERLY THE ACTIVITIES OF THE FIRM AND ITS ASSOCIATED PERSONS TO ASSURE COMPLIANCE WITH APPLICABLE SECURITIES LAWS.



**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 09/29/1992  
**Docket/Case Number:** C8A920075  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Decision & Order of Offer of Settlement  
**Resolution Date:** 11/05/1993  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$35,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER WAS ISSUED ON NOVEMBER 5, 1993. THEREFORE, THE FIRM IS CENSURED, AND FINED \$35,000.00 JOINTLY AND SEVERALLY.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** VIOLATION OF ARTICLE III, 1, 13, 18, 25, & 27 OF THE RULES OF FAIR PRACTICE BY DISTRIBUTING COMMON STOCK WHERE NO REGISTRATION STATEMENT HAD BEEN FILED WITH THE SEC.  
**Initiated By:** NASD  
**Date Initiated:** 09/29/1992  
**Docket/Case Number:** C8A920075  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other



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

**Resolution:** Settled

**Resolution Date:** 09/29/1992

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

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED 35000.00 JOINTLY AND SEVERALLY. MR. HUNT WAS SUSPENDED FOR 21 DAY PERIOD.

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#### Disclosure 8 of 14

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** VIOLATIONS OF SECTIONS 201 AND 407(A) OF THE PENNSYLVANIA SECURITIES ACT.

**Initiated By:** PENNSYLVANIA SECURITIES COMMISSION CONTACT: DIVISION OF ENFORCEMENT (717)-783-5177

**Date Initiated:** 12/27/1995

**Docket/Case Number:** 9502-1

**URL for Regulatory Action:**

**Principal Product Type:** Other

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

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

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

**Resolution:** Settled

**Resolution Date:** 12/27/1995



<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>	
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	A FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER WAS ISSUED TO NETWORK 1 WHICH ACCEPTED AN OFFER OF SETTLEMENT WHICH ORDERED THEM TO COMPLY WITH THE 1972 ACT AND ITS REGULATIONS.
<b>Regulator Statement</b>	FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO RESPONDENT.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SOLD UNREGISTERED SECURITIES TO PENSSYLVANIA RESIDENT. EXCEPT SETTLEMENT TO COMPLY WITH PENNSYLVANIA REGULATION.
<b>Initiated By:</b>	PENNSYLVANIA
<b>Date Initiated:</b>	12/29/1995
<b>Docket/Case Number:</b>	9502-1
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	PRIVATE PLACEMENT
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	12/27/1995
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	ORDER
<b>Sanction Details:</b>	NETWORK 1 ACCEPTED AN OFFER OF SETTLEMENT WHICH ORDERED

THEM TO COMPLY WITH THE PA SECURITIES ACT OF 1972 AND ITS REGULATIONS.

**Disclosure 9 of 14**

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 05/23/1994  
**Docket/Case Number:** C10940007

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 05/23/1994

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON MAY 23, 1994, DISTRICT NO. 10 NOTIFIED NETWORK 1 FINANCIAL SECURITIES, INC. AND WILLIAM R. HUNT, JR. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C10940007 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$10,000 AND RESPONDENT HUNT IS CENSURED AND FINED \$2,500 - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HUNT, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL).

\*\*\$10,000.00 FULLY PAID AS OF 10/6/95, INVOICE# 94-10-365\*\*



**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** NET CAPITAL VIOLATON  
**Initiated By:** NASD  
**Date Initiated:** 05/23/1994  
**Docket/Case Number:** C10940007  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE  
**Resolution:** Settled  
**Resolution Date:** 05/23/1994  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** CENSURED AND FINED 10000.00 JOINTLY AND SEVERALLY

#### Disclosure 10 of 14

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 07/27/1993  
**Docket/Case Number:** C10930045  
**Principal Product Type:**  
**Other Product Type(s):**



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

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

**Resolution:** Consent  
**Resolution Date:** 07/27/1993  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$3,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON JULY 27, 1993, DISTRICT NO. 10 NOTIFIED NETWORK 1 FINANCIAL SECURITIES, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C10930045 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$3,500 - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL).

\*\*\*\$3,500.00 PAID ON 8/5/93 INVOICE #93-10-616\*\*\*

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** NET CAPITAL VIOLATION  
**Initiated By:** NASD  
**Date Initiated:** 07/27/1993  
**Docket/Case Number:** C10930045  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE  
**Resolution:** Settled





**Resolution Date:** 07/27/1993

**Sanctions Ordered:** Censure  
Monetary/Fine \$3,500.00

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED 3500.00

#### Disclosure 11 of 14

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 07/24/1992

**Docket/Case Number:** C10920064

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 07/24/1992

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** ON JULY 24, 1992, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C10920064 (DISTRICT NO. 10) SUBMITTED BY NETWORK 1 FINANCIAL SECURITIES, INC. AND RICHARD D. O'REILLY WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT O'REILLY, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTIAN ITS REQUIRED MINIMUM NET CAPITAL).



\*\*\$5,000.00 J&S PAID ON 8/10/92 INVOICE #92-10-747\*\*

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** NET CAPITAL VIOLATION  
**Initiated By:** NASD  
**Date Initiated:** 07/24/1992  
**Docket/Case Number:** C10920064  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE  
**Resolution:** Other  
**Resolution Date:** 08/10/1992  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** FINE IMPOSED \$5000.00

#### Disclosure 12 of 14

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 01/17/1991  
**Docket/Case Number:** C11900026 (BOS-712)  
**Principal Product Type:**  
**Other Product Type(s):**



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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 07/10/1995

**Sanctions Ordered:** Censure  
Monetary/Fine \$16,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

COMPLAINT NO. C11900026 (BOS-712) FILED JANUARY 17, 1991 BY DISTRICT NO. 11 AGAINST RESPONDENTS NETWORK 1 FINANCIAL SECURITIES INC., RICHARD A. O'REILLY, KEVIN T. CABELL AND GUY G. MOCKBEE ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 27(a)(c) & (d) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT O'REILLY, ALLOWED RESPONDENTS MOCKBEE AND CABELL TO BE ASSOCIATED WITH THE FIRM IN A PRINCIPAL CAPACITY WITHOUT BEING REGISTERED AS SUCH WITH THE NASD; FAILED TO SUPERVISE AND ENFORCE RESPONDENT MEMBER'S WRITTEN SUPERVISORY PROCEDURES; AND, RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS O'REILLY, MOCKBEE AND CABELL, ALLOWED FOUR (4) ASSOCIATED PERSONS TO FUNCTION AS REPRESENTATIVES WITHOUT BEING REGISTERED AS SUCH WITH THE NASD.

ON JULY 10, 1995, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY NETWORK 1 AND RICHARD A. O'REILLY WAS ISSUED: THEREFORE, RESPONDENTS MEMBER AND O'REILLY ARE CENSURED AND FINED \$16,500, JOINTLY AND SEVERALLY. RESPONDENT O'REILLY MUST ALSO REQUALIFY AS A PRINCIPAL BY RETAKING AND SUCCESSFULLY PASSING THE GENERAL SECURITIES PRINCIPAL EXAMINATION (SERIES 24) WITHIN 90 DAYS UPON NOTICE OF ACCEPTANCE OF THIS OFFER.

ON JULY 10, 1995, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY GUY G. MOCKBEE WAS ISSUED: THEREFORE, HE IS CENSURED, FINED \$16,500 AND SUSPENDED FROM ASSOCIATION WITH ANY NASD MEMBER IN ANY CAPACITY FOR 20 DAYS, AND IS PROHIBITED FROM BECOMING ASSOCIATED AND/OR EMPLOYED



WITH  
 AN NASD MEMBER IN A PRINCIPAL CAPACITY FOR ONE YEAR.  
 RESPONDENT  
 MOCKBEE MUST RETAKE AND SUCCESSFULLY PASS THE SERIES 7  
 EXAMINATION UPON EXPIRATION OF HIS SUSPENSION AS A REGISTERED  
 REPRESENTATIVE AND 90 CALENDAR DAYS THEREOF.

\*\*\$16,500.00 FULLY PAID J&S AS OF 8/6/97 [INTEREST-\$1,574.34],  
 INVOICE #95-11-440\*\*

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** VIOLATION OF ARTICLE III, SECTIONS 1 AND 27 (A) (C) & (D) OF THE RULES OF FAIR PRACTICE BY ALLOWING RESPONDENTS TO ACT AS PRINCIPALS WITHOUT BEING REGISTERED.  
**Initiated By:** NASD  
**Date Initiated:** 01/17/1991  
**Docket/Case Number:** C11900026  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE  
**Resolution:** Settled  
**Resolution Date:** 01/17/1991  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$16,500.00  
**Other Sanctions Ordered:** CENSURED AND FINED 16500.00  
**Sanction Details:** CENSURED AND FINED 16500.00

#### Disclosure 13 of 14

**Reporting Source:** Regulator  
**Current Status:** Final

**Allegations:****Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**Date Initiated:** 10/16/1990**Docket/Case Number:** C10910034 (PHL-913)**Principal Product Type:****Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision**Resolution Date:** 01/03/1995**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

COMPLAINT NO. PHL-913 (DISTRICT NO. 11) FILED OCTOBER 16, 1990 AGAINST RESPONDENTS NETWORK 1 FINANCIAL SECURITIES INC. AND WILLIAM R. HUNT JR. ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 4 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HUNT, EFFECTED EQUITY SECURITIES TRANSACTIONS IN THE ACCOUNTS OF PUBLIC CUSTOMERS AT PRICES WHICH WERE UNFAIR IN RELATION TO THE MARKET VALUE OF SUCH SECURITIES.

DECISION RENDERED JULY 23, 1991, CASE ID. C10910034 (PHL-913) (TRANSFERRED FROM DISTRICT NO. 9), WHEREIN RESPONDENTS ARE CENSURED, FINED \$4,000, JOINTLY AND SEVERALLY AND ASSESSED COSTS OF \$997.75, JOINTLY AND SEVERALLY. THE DBCC DETERMINED TO DISMISS THE ALLEGATIONS REALTING TO SIX NASDAQ TRANSACTIONS WHICH DISMISSAL IS SUPPORTED BY EVIDENCE. IF NO FURTHER ACTION, DECISION IS FINAL SEPTEMBER 9, 1991.

AUGUST 7, 1991 - APPEALED TO THE BOARD OF GOVERNORS.

BOARD DECISION RENDERED JANUARY 10, 1992, WHEREIN THE



COMPLAINT  
WAS REMANDED TO THE DBCC.

REMAND DECISION RENDERED MAY 20, 1993, WHEREIN RESPONDENTS MEMBER AND HUNT ARE CENSURED, FINED \$2,500, JOINTLY AND SEVERALLY, AND ASSESSED COSTS OF \$999.75, JOINTLY AND SEVERALLY. IF NO FURTHER ACTION, DECISION IS FINAL JULY 5, 1993.

JUNE 8, 1993 - CALLED FOR REVIEW.

NBCC DECISION RENDERED JANUARY 10, 1994, WHEREIN THE FINDINGS MADE AND THE SANCTIONS IMPOSED ARE MODIFIED; THEREFORE, RESPONDENTS MEMBER AND HUNT ARE CENSURED, FINED \$7,500, JOINTLY AND SEVERALLY, TO BE REDUCED BY ANY AMOUNT PAID IN RESTITUTION TO CUSTOMERS, AND ASSESSED DBCC COSTS OF \$997.75, JOINTLY AND SEVERALLY. IF NO FURTHER ACTION, DECISION IS FINAL FEBRUARY 10, 1994.

FEBRUARY 9, 1994 - APPEALED TO THE SEC.

SEC DECISION RENDERED NOVEMBER 3, 1994, WHEREIN THE FINDINGS MADE AND THE SANCTIONS IMPOSED ARE AFFIRMED. IF NO FURTHER ACTION, DECISION IS FINAL JANUARY 3, 1995.

JANUARY 3, 1995 - DECISION IS FINAL.

\*\*\$8,497.75 FULLY PAID J&S AS OF 01/11/96, INVOICE # 95-10-24\*\*

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLATION OF ARTICLE III, SECTIONS 1 & 4 OF THE RULES OF FAIR PRACTICE.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	10/16/1990
<b>Docket/Case Number:</b>	C10910034 (PHL-913)
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other



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

**Resolution:** Settled

**Resolution Date:** 10/16/1990

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

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED 7500.00 JOINTLY AND SEVERALLY

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#### Disclosure 14 of 14

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 12/06/1989

**Docket/Case Number:** MS-867-AWC

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 02/14/1990

**Sanctions Ordered:** Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-867-AWC:  
  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 6, 1989  
AGAINST RESPONDENT NETWORK 1 FINANCIAL SECURITIES, INC.



ALLEGING  
 VIOLATIONS PART VI, SECTION 4(a) OF SCHEDULE D IN THAT  
 RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY  
 THE  
 MARKET SURVEILLANCE COMMITTEE ON JANUARY 17, 1990 AND BY  
 NATIONAL BUSINESS CONDUCT COMMITTEE ON FEBRUARY 14, 1990. \$250  
 FINE.

\*\*\*\$250.00 PAID ON 4/3/90 INVOICE #90-MS-261\*\*\*

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MARKET SURVEILLANCE

**Initiated By:** NASD

**Date Initiated:** 12/06/1989

**Docket/Case Number:** MS-867-AWC

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

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

**Resolution Date:** 02/14/1990

**Sanctions Ordered:** Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:** LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE  
 MARKET SURVEILLANCE COMMITTEE ON 1/17/99 AND BY NATIONAL  
 BUSINESS CONDUCT COMMITTEE ON 2/14/1999. \$250.00 FINE \*\*\* \$250.00  
 PAID ON 4/3/90 INVOICE #90-MS-261\*\*\*





## Civil - Pending

This type of disclosure event involves a pending civil court action that with seek an injunction to cease certain investment-related activity or alleges a violation of any investment-related statute or regulation.

### Disclosure 1 of 2

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Pending
<b>Allegations:</b>	VIOLATIONS OF SECTIONS 11 AND 12(A)(2) OF THE SECURITIES ACT OF 1933.
<b>Initiated By:</b>	PRIVATE PLAINTIFF
<b>Court Details:</b>	UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY DKT 1:17-CV-02583 RBK AMD
<b>Date Court Action Filed:</b>	04/17/2017
<b>Date Notice/Process Served:</b>	01/17/2018
<b>Principal Product Type:</b>	Other
<b>Other Product Types:</b>	
<b>Relief Sought:</b>	Money Damages (Private/Civil Complaint)
<b>Other Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	
<b>Sanctions Ordered or Relief Granted:</b>	
<b>Other Sanctions:</b>	
<b>Sanction Details:</b>	
<b>Firm Statement</b>	THIS IS A CLASS ACTION LAWSUIT THAT IS SUBJECT TO DISMISSAL UNDER RULE 11 OF THE DISTRICT OF NEW JERSEY LOCAL RULES.

### Disclosure 2 of 2

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Pending
<b>Allegations:</b>	BREACH OF AGREEMENT.
<b>Initiated By:</b>	BONWICK CAPITAL PARTNERS, LLC
<b>Court Details:</b>	US DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. CASE



NO. 17-CV-3681.

**Date Court Action Filed:**

05/22/2017

**Principal Product Type:**

No Product

**Other Product Types:**

**Relief Sought:**

Restitution

**Other Relief Sought:**

**Firm Statement**

THE FIRM ACTED AS AN UNDERWRITER ON AN IPO. PLAINTIFF ALLEGES THAT FIRM BREACHED AN AGREEMENT.

## 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 1

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-OTHER
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/30/1992
<b>Case Number:</b>	<a href="#">91-03057</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$4,992.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/11/1992
<b>Sum of All Relief Awarded:</b>	\$1,008.00

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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