

## BrokerCheck Report

### BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC.

CRD# 13609

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

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

## About BrokerCheck®



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

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

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

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

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

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



## BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC.

CRD# 13609

SEC# 8-29426

### Main Office Location

4201 42ND STREET NE  
SUITE 100  
CEDAR RAPIDS, IA 52402  
Regulated by FINRA Kansas City Office

### Mailing Address

P. O. BOX 11340  
CEDAR RAPIDS, IA 52410-1340

### Business Telephone Number

319-447-5700

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<https://www.adviserinfo.sec.gov>

## 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 Iowa on 03/13/1974.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

**This firm is registered with:**

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

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

This firm conducts 18 types of businesses.

This firm is affiliated with financial or investment institutions.

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

### Disclosure Events

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

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

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	27
Arbitration	14
Bond	1



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Iowa on 03/13/1974.

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.

**BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC.**

**Doing business as BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC.**

**CRD#** 13609

**SEC#** 8-29426

### Main Office Location

4201 42ND STREET NE  
SUITE 100  
CEDAR RAPIDS, IA 52402

**Regulated by FINRA Kansas City Office**

### Mailing Address

P. O. BOX 11340  
CEDAR RAPIDS, IA 52410-1340

### Business Telephone Number

319-447-5700



## 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):** BERTHEL FISHER & COMPANY

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

**Position** 100% OWNER

**Position Start Date** 12/1997

**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):** BERTHEL, THOMAS JOSEPH

823289

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

**Position** CHAIRMAN OF THE BOARD/EXECUTIVE VICE PRESIDENT

**Position Start Date** 09/2023

**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

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**Legal Name & CRD# (if any):** CHAPMAN, KIMBERLY KAREN EARLY

2527036

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 12/2020

## 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?** No

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

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**Legal Name & CRD# (if any):** CHRISTOFFERSON, ANDREW JAMES  
3248381

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

**Position** CHIEF EXECUTIVE OFFICER/PRESIDENT

**Position Start Date** 09/2023

**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

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**Legal Name & CRD# (if any):** DAVENPORT, SHELLEY RAE  
2131376

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

**Position** VICE PRESIDENT LEGAL & REGULATORY MATTERS (A/O 11/2017)

**Position Start Date** 07/2014

**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

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**Legal Name & CRD# (if any):** HOHN, JAMES RALPH

## Firm Profile



### Direct Owners and Executive Officers (continued)

	5413776
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	VICE PRESIDENT/TECHNOLOGY
<b>Position Start Date</b>	12/2020
<b>Percentage of Ownership</b>	Less than 5%
<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>	MURPHY, RICHARD MAURICE 4893748
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	EXECUTIVE VICE PRESIDENT
<b>Position Start Date</b>	11/2017
<b>Percentage of Ownership</b>	Less than 5%
<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>	NOETHEN, BRITTANY MICHELLE 2610543
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF TECHNOLOGY OFFICER
<b>Position Start Date</b>	11/2017
<b>Percentage of Ownership</b>	Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

**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):** RUPP, BRIAN  
6721718

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

**Position** CHIEF FINANCIAL OFFICER/TREASURER (A/O 11/5/2020)

**Position Start Date** 09/2023

**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

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**Legal Name & CRD# (if any):** SCHAUL, JOANNA MARIE  
4947759

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

**Position** CHIEF ADMINISTRATION OFFICER/SECRETARY (A/O 11/2017)

**Position Start Date** 09/2023

**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

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**Legal Name & CRD# (if any):** SPENCER, NATHANAEL  
7299827



## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	VICE PRESIDENT OF BUSINESS DEVELOPMENT
<b>Position Start Date</b>	10/2002
<b>Percentage of Ownership</b>	Less than 5%
<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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**Legal Name & CRD# (if any):** SWARTZENDRUBER, PAIGE NICHOLE  
4575768

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF BUSINESS DEVELOPMENT OFFICER
<b>Position Start Date</b>	09/2023
<b>Percentage of Ownership</b>	Less than 5%
<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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**Legal Name & CRD# (if any):** WILCOX, RANDY AUSTIN  
4346998

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	VICE PRESIDENT COMPLIANCE/OSJ MANAGER
<b>Position Start Date</b>	06/2021
<b>Percentage of Ownership</b>	Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

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## Firm Profile

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



### Indirect Owners

Legal Name & CRD# (if any):	BERTHEL, THOMAS JOSEPH 823289
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	BERTHEL FISHER & COMPANY
Relationship to Direct Owner	COMMON STOCK SHAREHOLDER
Relationship Established	12/1997
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

## Firm History

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

No information reported.





Firm Operations

Registrations

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

**This firm is currently registered with the SEC, 1 SRO and 51 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	06/10/1983

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	08/16/1983



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	02/15/1994
Alaska	Approved	05/20/1998
Arizona	Approved	04/10/1986
Arkansas	Approved	04/24/1989
California	Approved	09/22/1986
Colorado	Approved	12/13/1985
Connecticut	Approved	04/03/1995
Delaware	Approved	08/14/1998
District of Columbia	Approved	02/23/1992
Florida	Approved	07/01/1987
Georgia	Approved	06/16/1987
Hawaii	Approved	03/18/1991
Idaho	Approved	05/31/1994
Illinois	Approved	01/23/1984
Indiana	Approved	01/06/1988
Iowa	Approved	09/07/1983
Kansas	Approved	01/22/1985
Kentucky	Approved	03/16/1987
Louisiana	Approved	08/23/1994
Maine	Approved	04/07/1993
Maryland	Approved	02/26/1992
Massachusetts	Approved	04/28/1995
Michigan	Approved	03/08/1988
Minnesota	Approved	09/17/1986
Mississippi	Approved	10/20/1992
Missouri	Approved	04/30/1985
Montana	Approved	12/17/1993
Nebraska	Approved	08/29/1984
Nevada	Approved	05/22/1987
New Hampshire	Approved	03/20/1997
New Jersey	Approved	12/17/1992
New Mexico	Approved	07/07/1987
New York	Approved	06/11/1987

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	08/07/1991
North Dakota	Approved	05/15/1992
Ohio	Approved	11/27/1990
Oklahoma	Approved	06/24/1987
Oregon	Approved	04/15/1994
Pennsylvania	Approved	11/16/1990
Rhode Island	Approved	06/12/1998
South Carolina	Approved	07/24/1987
South Dakota	Approved	07/05/1990
Tennessee	Approved	07/01/1994
Texas	Approved	01/20/1987
Utah	Approved	10/15/1996
Vermont	Approved	06/02/1995
Virginia	Approved	10/01/1984
Washington	Approved	08/24/1992
West Virginia	Approved	05/29/1998
Wisconsin	Approved	08/20/1986
Wyoming	Approved	08/16/1990



## 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 18 types of businesses.**

#### Types of Business

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
Solicitor of time deposits in a financial institution
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling securities of only one issuer or associate issuers (other than mutual funds)
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Trading securities for own account
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

#### Other Types of Business

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

This firm does engage in other non-securities business.

Non-Securities Business Description: 11B LIFE AND HEALTH INSURANCE SALES.

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:	NATIONAL FINANCIAL SERVICES LLC
CRD #:	13041
Business Address:	245 SUMMER STREET BOSTON, MA 02210
Effective Date:	03/31/2003
Description:	NATIONAL FINANCIAL SERVICES PROVIDES CLEARING AND EXECUTION SERVICES.

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## Firm Operations

### Industry Arrangements



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

**Name:** NATIONAL FINANCIAL SERVICES LLC  
**CRD #:** 13041  
**Business Address:** 245 SUMMER STREET  
BOSTON, MA 02210  
**Effective Date:** 03/31/2003  
**Description:** NATIONAL FINANCIAL SERVICES PROVIDES CLEARING AND EXECUTION SERVICES.

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

**Name:** NATIONAL FINANCIAL SERVICES LLC  
**CRD #:** 13041  
**Business Address:** 245 SUMMER STREET  
BOSTON, MA 02210  
**Effective Date:** 03/31/2003  
**Description:** NATIONAL FINANCIAL SERVICES PROVIDES CLEARING AND EXECUTION SERVICES.

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

**Name:** NATIONAL FINANCIAL SERVICES LLC  
**CRD #:** 13041  
**Business Address:** 245 SUMMER STREET  
BOSTON, MA 02210  
**Effective Date:** 03/31/2004  
**Description:** NATIONAL FINANCIAL SERVICES PROVIDES CLEARING AND EXECUTION SERVICES.

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#### Control Persons/Financing

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

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



## Firm Operations

### Organization Affiliates

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

**This firm is, directly or indirectly:**

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

**SECURITIES MANAGEMENT & RESEARCH, INC. is under common control with the firm.**

<b>CRD #:</b>	759
<b>Business Address:</b>	4201 42ND STREET NE, SUITE 100 P.O. BOX 11606 CEDAR RAPIDS, IA 52402
<b>Effective Date:</b>	01/03/2011
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	BERTHEL FISHER & COMPANY IS THE PARENT OF ONE FINANCIAL INC., WHICH IS THE PARENT COMPANY OF THE AFFILIATE.

**BFC PLANNING, INC. is under common control with the firm.**

<b>CRD #:</b>	119682
<b>Business Address:</b>	4201 42ND STREET NE, SUITE 100 PO BOX 11340 CEDAR RAPIDS, IA 52402
<b>Effective Date:</b>	08/06/1990
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** BERTHEL FISHER & COMPANY, INC. IS THE PARENT COMPANY TO BOTH THE APPLICANT AND THE AFFILIATE.

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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.

	Pending	Final	On Appeal
Regulatory Event	0	27	0
Arbitration	N/A	14	N/A
Bond	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 27

**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 WHEN REVIEWING A CUSTOMER'S REQUEST FOR APPROVAL TO TRADE OPTIONS IN HIS BROKERAGE ACCOUNT, IT FAILED TO EXERCISE DUE DILIGENCE TO ASCERTAIN THE CUSTOMER'S INVESTMENT EXPERIENCE AND KNOWLEDGE. THE FINDINGS STATED THAT THE CUSTOMER'S ACCOUNT HOLDINGS DID NOT PRODUCE ENOUGH INCOME OR GAINS TO OFFSET HIS WITHDRAWALS, SO A BROKER AT THE FIRM RECOMMENDED THAT THE CUSTOMER BEGIN TRADING OPTIONS AS A STRATEGY TO GENERATE INCOME. THE BROKER SUBMITTED AN OPTIONS APPROVAL REQUEST FORM FOR THE CUSTOMER'S ACCOUNT TO THE FIRM REQUESTING APPROVAL TO TRADE OPTIONS AT THE FIRM'S "LEVEL 2" OPTIONS-TRADING LEVEL. THE FORM INDICATED THAT THE CUSTOMER HAD GOOD KNOWLEDGE OF OPTIONS AND MODERATE EXPERIENCE TRADING SEVERAL TYPES OF OPTIONS. IN FACT, THE CUSTOMER HAD LITTLE OR NO KNOWLEDGE OF, AND ZERO EXPERIENCE WITH, OPTIONS INVESTING. ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) ESTABLISHED INCOME AND NET-WORTH GUIDELINES FOR CUSTOMERS SEEKING APPROVAL TO PARTICIPATE IN VARIOUS TYPES OF OPTIONS TRADING, THE FIRM FAILED TO APPLY THOSE GUIDELINES TO THE CUSTOMER. THE FIRM'S INCOME AND NET-WORTH GUIDELINES SHOULD HAVE LIMITED THE CUSTOMER TO THE FIRM'S "LEVEL 1" OPTIONS TRADING, WHICH INCLUDED ONLY COVERED-CALL WRITING. NONETHELESS, THE FIRM APPROVED THE CUSTOMER NOT ONLY FOR COVERED-CALL WRITING, BUT ALSO FOR RISKIER TYPES OF OPTIONS TRADING INCLUDED IN LEVEL 2. IN ADDITION, ALTHOUGH THE FIRM'S WRITTEN PROCEDURES REQUIRED A WRITTEN EXPLANATION FOR ANY DEVIATION FROM THE INCOME/NET-WORTH GUIDELINES FOR OPTIONS-TRADING LEVELS, THE FIRM APPROVED THE CUSTOMER'S OPTIONS APPROVAL REQUEST WITHOUT PROVIDING ANY SUCH EXPLANATION. THE FINDINGS ALSO STATED THAT THE FIRM, THROUGH ONE OF ITS BROKERS, RECOMMENDED UNSUITABLE OPTIONS TRANSACTIONS TO THE CUSTOMER. THESE UNSUITABLE RECOMMENDATIONS INCLUDED THE PURCHASE OF CALL OR PUT OPTIONS THAT CARRIED THE RISK THAT THE CUSTOMER WOULD LOSE THE ENTIRE PREMIUM HE PAID FOR THEM IF THE OPTIONS EXPIRED OUT OF THE MONEY. IN TOTAL, THE UNSUITABLE OPTIONS TRANSACTIONS RESULTED IN NET LOSSES OF MORE THAN \$31,000 IN THE CUSTOMER'S ACCOUNT. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE PORTIONS OF ITS WSPS REGARDING OPTIONS TRADING AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM FOR OPTIONS TRADING. THE FIRM'S WRITTEN PROCEDURES REQUIRED ITS REGISTERED OPTIONS PRINCIPALS (ROPS) TO REVIEW OPTIONS TRANSACTIONS EACH DAY AND TO CONSIDER SEVERAL FACTORS IN THEIR REVIEW, INCLUDING WHETHER THE TRADE WAS COMPATIBLE WITH THE CUSTOMER'S



OBJECTIVES AND APPROVED TRADING LEVEL, THE SIZE AND FREQUENCY OF TRANSACTIONS, AND PROFIT OR LOSS IN THE ACCOUNT. THE FIRM'S WRITTEN PROCEDURES INSTRUCTED A ROP WHO IDENTIFIED A POTENTIALLY UNSUITABLE OPTIONS TRANSACTION TO TAKE CORRECTIVE ACTION, SUCH AS CONFIRMING THE TRADE WITH THE REPRESENTATIVE, REQUALIFYING AN OPTION ACCOUNT, CANCELING THE ORDER, OR EDUCATING THE REPRESENTATIVE. HOWEVER, THE FIRM APPROVED EACH OPTIONS TRADE RECOMMENDED TO THE CUSTOMER WHILE FAILING TO RESPOND TO RED-FLAG WARNINGS THAT MANY OF THOSE TRANSACTIONS WERE POTENTIALLY UNSUITABLE. THE FIRM DID NOT PROVIDE OR REQUIRE OPTIONS-SPECIFIC TRAINING FOR ITS ROPS AND DID NOT OVERSEE THEIR ACTIVITIES FOR ADHERENCE TO THE FIRM'S WRITTEN PROCEDURES. IN THEIR DAILY REVIEW OF OPTIONS TRANSACTIONS, THE FIRM'S ROPS USED A REPORT THAT DID NOT INCLUDE CERTAIN INFORMATION RELEVANT TO A SUITABILITY REVIEW, SUCH AS EACH ACCOUNT'S LEVEL OF OPTIONS-TRADING APPROVAL, THE ACCOUNT'S PROFIT OR LOSS OVER TIME, COMMISSION ACTIVITY OVER TIME, OR THE FREQUENCY OF OPTION TRANSACTIONS. ALTHOUGH THE FIRM HAD ACCESS TO A SEPARATE REPORT INTENDED TO IDENTIFY OPTION TRADES OUTSIDE AN ACCOUNT'S APPROVED TRADING LEVEL, ITS ROPS DID NOT REVIEW THAT REPORT.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	04/26/2022
<b>Docket/Case Number:</b>	2018057425202
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/26/2022
<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 \$100,000.00

**Other Sanctions Ordered:**

CERTIFICATION

**Sanction Details:**

THE FIRM WAS CENSURED, FINED \$100,000, AND REQUIRED TO CERTIFY THAT IT HAS IMPLEMENTED SUPERVISORY SYSTEMS AND WSPS REASONABLY DESIGNED TO ADDRESS THE DEFICIENCIES IDENTIFIED IN THE AWC.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT WHEN REVIEWING A CUSTOMER'S REQUEST FOR APPROVAL TO TRADE OPTIONS IN HIS BROKERAGE ACCOUNT, IT FAILED TO EXERCISE DUE DILIGENCE TO ASCERTAIN THE CUSTOMER'S INVESTMENT EXPERIENCE AND KNOWLEDGE. THE FINDINGS STATED THAT THE CUSTOMER'S ACCOUNT HOLDINGS DID NOT PRODUCE ENOUGH INCOME OR GAINS TO OFFSET HIS WITHDRAWALS, SO A BROKER AT THE FIRM RECOMMENDED THAT THE CUSTOMER BEGIN TRADING OPTIONS AS A STRATEGY TO GENERATE INCOME. THE BROKER SUBMITTED AN OPTIONS APPROVAL REQUEST FORM FOR THE CUSTOMER'S ACCOUNT TO THE FIRM REQUESTING APPROVAL TO TRADE OPTIONS AT THE FIRM'S "LEVEL 2" OPTIONS-TRADING LEVEL. THE FORM INDICATED THAT THE CUSTOMER HAD GOOD KNOWLEDGE OF OPTIONS AND MODERATE EXPERIENCE TRADING SEVERAL TYPES OF OPTIONS. IN FACT, THE CUSTOMER HAD LITTLE OR NO KNOWLEDGE OF, AND ZERO EXPERIENCE WITH, OPTIONS INVESTING. ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) ESTABLISHED INCOME AND NET-WORTH GUIDELINES FOR CUSTOMERS SEEKING APPROVAL TO PARTICIPATE IN VARIOUS TYPES OF OPTIONS TRADING, THE FIRM FAILED TO APPLY THOSE GUIDELINES TO THE CUSTOMER. THE FIRM'S INCOME AND NET-WORTH GUIDELINES SHOULD HAVE LIMITED THE CUSTOMER TO THE FIRM'S "LEVEL 1" OPTIONS TRADING, WHICH INCLUDED ONLY COVERED-CALL WRITING. NONETHELESS, THE FIRM APPROVED THE CUSTOMER NOT ONLY FOR COVERED-CALL WRITING, BUT ALSO FOR RISKIER TYPES OF OPTIONS TRADING INCLUDED IN LEVEL 2. IN ADDITION, ALTHOUGH THE FIRM'S WRITTEN PROCEDURES REQUIRED A WRITTEN EXPLANATION FOR ANY DEVIATION FROM THE INCOME/NET-WORTH GUIDELINES FOR OPTIONS-TRADING LEVELS, THE FIRM APPROVED THE CUSTOMER'S OPTIONS APPROVAL REQUEST WITHOUT PROVIDING ANY SUCH EXPLANATION. THE FINDINGS ALSO STATED THAT THE FIRM, THROUGH ONE OF ITS BROKERS, RECOMMENDED UNSUITABLE OPTIONS TRANSACTIONS TO THE CUSTOMER. THESE UNSUITABLE RECOMMENDATIONS INCLUDED THE





PURCHASE OF CALL OR PUT OPTIONS THAT CARRIED THE RISK THAT THE CUSTOMER WOULD LOSE THE ENTIRE PREMIUM HE PAID FOR THEM IF THE OPTIONS EXPIRED OUT OF THE MONEY. IN TOTAL, THE UNSUITABLE OPTIONS TRANSACTIONS RESULTED IN NET LOSSES OF MORE THAN \$31,000 IN THE CUSTOMER'S ACCOUNT. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE PORTIONS OF ITS WSPS REGARDING OPTIONS TRADING AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM FOR OPTIONS TRADING. THE FIRM'S WRITTEN PROCEDURES REQUIRED ITS REGISTERED OPTIONS PRINCIPALS (ROPS) TO REVIEW OPTIONS TRANSACTIONS EACH DAY AND TO CONSIDER SEVERAL FACTORS IN THEIR REVIEW, INCLUDING WHETHER THE TRADE WAS COMPATIBLE WITH THE CUSTOMER'S OBJECTIVES AND APPROVED TRADING LEVEL, THE SIZE AND FREQUENCY OF TRANSACTIONS, AND PROFIT OR LOSS IN THE ACCOUNT. THE FIRM'S WRITTEN PROCEDURES INSTRUCTED A ROP WHO IDENTIFIED A POTENTIALLY UNSUITABLE OPTIONS TRANSACTION TO TAKE CORRECTIVE ACTION, SUCH AS CONFIRMING THE TRADE WITH THE REPRESENTATIVE, REQUALIFYING AN OPTION ACCOUNT, CANCELING THE ORDER, OR EDUCATING THE REPRESENTATIVE. HOWEVER, THE FIRM APPROVED EACH OPTIONS TRADE RECOMMENDED TO THE CUSTOMER WHILE FAILING TO RESPOND TO RED-FLAG WARNINGS THAT MANY OF THOSE TRANSACTIONS WERE POTENTIALLY UNSUITABLE. THE FIRM DID NOT PROVIDE OR REQUIRE OPTIONS-SPECIFIC TRAINING FOR ITS ROPS AND DID NOT OVERSEE THEIR ACTIVITIES FOR ADHERENCE TO THE FIRM'S WRITTEN PROCEDURES. IN THEIR DAILY REVIEW OF OPTIONS TRANSACTIONS, THE FIRM'S ROPS USED A REPORT THAT DID NOT INCLUDE CERTAIN INFORMATION RELEVANT TO A SUITABILITY REVIEW, SUCH AS EACH ACCOUNT'S LEVEL OF OPTIONS-TRADING APPROVAL, THE ACCOUNT'S PROFIT OR LOSS OVER TIME, COMMISSION ACTIVITY OVER TIME, OR THE FREQUENCY OF OPTION TRANSACTIONS. ALTHOUGH THE FIRM HAD ACCESS TO A SEPARATE REPORT INTENDED TO IDENTIFY OPTION TRADES OUTSIDE AN ACCOUNT'S APPROVED TRADING LEVEL, ITS ROPS DID NOT REVIEW THAT REPORT.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	04/26/2022
<b>Docket/Case Number:</b>	2018057425202
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)



<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, CERTIFICATION
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/26/2022
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$100,000, AND REQUIRED TO CERTIFY THAT IT HAS IMPLEMENTED SUPERVISORY SYSTEMS AND WSPS REASONABLY DESIGNED TO ADDRESS THE DEFICIENCIES IDENTIFIED IN THE AWC

## Disclosure 2 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. ("BFCFS") ("BFCFS" OR "RESPONDENT"). THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY BY BFCFS, A DUALY REGISTERED BROKER-DEALER AND REGISTERED INVESTMENT ADVISER, IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES THAT RESULTED IN BFCFS'S RECEIPT OF TWO TYPES OF FEES FROM ITS ADVISORY CLIENTS' INVESTMENTS AT TIMES FROM JANUARY 2014 THROUGH MARCH 2018. THESE FEES INCLUDED: (1) FEES BFCFS RECEIVED WHEN IT PURCHASED, RECOMMENDED, OR HELD FOR ITS ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT PAID FEES PURSUANT TO RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 ("12B-1 FEES") INSTEAD OF LOWER-COST AVAILABLE SHARE CLASSES OF THE SAME FUNDS THAT DID NOT CHARGE THESE FEES; AND (2) FEES BFCFS RECEIVED FROM ITS UNAFFILIATED CLEARING BROKER AS A RESULT OF BFCFS'S ADVISORY CLIENTS' UNINVESTED CASH BEING SWEEPED INTO SHARE CLASSES OF CERTAIN MONEY MARKET MUTUAL FUNDS ("MONEY MARKET FUNDS") INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME MONEY MARKET FUNDS THAT DID NOT RESULT IN THE PAYMENT OF FEES TO



BFCFS THAT WERE AVAILABLE TO ADVISORY CLIENTS.

FIRST, FROM JANUARY 2014 THROUGH MARCH 2018 (THE "RELEVANT 12B-1 PERIOD"), BFCFS AND ITS REGISTERED REPRESENTATIVES WHO WERE ALSO INVESTMENT ADVISORY REPRESENTATIVES ("IARS") OF BFCFS RECEIVED 12B-1 FEES FROM MUTUAL FUND SHARE CLASSES THAT IT HAD PURCHASED, RECOMMENDED, OR HELD FOR ADVISORY CLIENTS INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME FUNDS THAT WERE AVAILABLE TO THE CLIENTS. BFCFS DID NOT ADEQUATELY DISCLOSE THIS CONFLICT OF INTEREST IN ITS FORMS ADV OR OTHERWISE. BFCFS, ALTHOUGH ELIGIBLE TO DO SO, DID NOT SELF-REPORT THIS 12B-1 FEE RELATED CONFLICT OF INTEREST TO THE COMMISSION PURSUANT TO THE DIVISION OF ENFORCEMENT'S (THE "DIVISION") SHARE CLASS SELECTION DISCLOSURE INITIATIVE ("SCSD INITIATIVE").

SECOND, FROM SEPTEMBER 2016 THROUGH MARCH 2018 (THE "RELEVANT CASH SWEEP PERIOD"), BFCFS RECEIVED REVENUE SHARING PAYMENTS FROM THE CLEARING BROKER BASED ON THE AMOUNT OF RESPONDENTS' ADVISORY CLIENT ASSETS INVESTED IN CERTAIN SHARE CLASSES OF MONEY MARKET FUNDS USED AS CASH SWEEP VEHICLES. DURING THE RELEVANT CASH SWEEP PERIOD, BFCFS'S AGREEMENT WITH THE CLEARING BROKER PROVIDED OPTIONS TO SWEEP BFCFS'S CLIENTS' CASH INTO SHARE CLASSES OF THE SAME MONEY MARKET FUNDS THAT HAD LOWER COSTS TO FUND INVESTORS AND DID NOT PAY REVENUE SHARING. BFCFS SELECTED HIGHER-COST REVENUE SHARING MONEY MARKET FUND SHARE CLASSES INSTEAD OF LOWERCOST SHARE CLASSES OF THE SAME MONEY MARKET FUNDS THAT DID NOT PAY REVENUE SHARING TO BFCFS AND WERE AVAILABLE TO ADVISORY CLIENTS. BFCFS DID NOT ADEQUATELY DISCLOSE THIS CONFLICT OF INTEREST IN ITS FORMS ADV OR OTHERWISE.

FROM AT LEAST JANUARY 2014, BFCFS ALSO, BY CAUSING CERTAIN OF ITS ADVISORY CLIENTS TO INVEST IN HIGHER-COST SHARE CLASSES OF MUTUAL FUNDS THAT PAID 12B-1 FEES AND MONEY MARKET FUNDS THAT RESULTED IN REVENUE SHARING PAYMENTS WHEN FUND SHARE CLASSES WERE AVAILABLE TO THE CLIENTS THAT PRESENTED A MORE FAVORABLE VALUE UNDER THE PARTICULAR CIRCUMSTANCES IN PLACE AT THE TIME OF THE TRANSACTIONS, BREACHED ITS DUTY TO SEEK BEST EXECUTION FOR THOSE TRANSACTIONS.

DURING EACH OF THE RELEVANT PERIODS, BFCFS ALSO FAILED TO ADOPT AND IMPLEMENT WRITTEN COMPLIANCE POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT AND THE RULES THEREUNDER IN CONNECTION WITH



## MUTUAL FUND AND MONEY MARKET FUND SHARE CLASS SELECTION PRACTICES.

<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/16/2021
<b>Docket/Case Number:</b>	3-20564
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/16/2021
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$235,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	PRE-JUDGMENT INTEREST ON DISGORGEMENT. UNDERTAKINGS.
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 PROMULGATED THEREUNDER. THE FIRM SHALL PAY DISGORGEMENT OF \$128,460.12 AND PREJUDGMENT INTEREST OF \$25,968.01, AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$235,000. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.  THE FIRM HAS UNDERTAKEN TO:  A. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, REVIEW AND CORRECT AS NECESSARY ALL RELEVANT DISCLOSURE DOCUMENTS CONCERNING MUTUAL FUND SHARE CLASS SELECTION, CASH SWEEP



VEHICLE SELECTION, 12B-1 FEES AND REVENUE SHARING.

B. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, EVALUATE WHETHER EXISTING CLIENTS SHOULD BE MOVED TO A LOWER-COST MUTUAL FUND SHARE CLASS OR LOWER-COST CASH SWEEP VEHICLE AND MOVE CLIENTS AS NECESSARY.

C. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, EVALUATE, UPDATE (IF NECESSARY), AND REVIEW FOR THE EFFECTIVENESS OF THEIR IMPLEMENTATION, THE FIRM'S POLICIES AND PROCEDURES SO THAT THEY ARE REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT IN CONNECTION WITH DISCLOSURES REGARDING MUTUAL FUND SHARE CLASS SELECTION AND CASH SWEEP VEHICLE SELECTION AND IN CONNECTION WITH MAKING RECOMMENDATIONS OF MUTUAL FUND SHARE CLASSES OR CASH SWEEP VEHICLES THAT ARE IN THE BEST INTERESTS OF ITS ADVISORY CLIENTS.

D. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, THE FIRM SHALL NOTIFY AFFECTED INVESTORS OF THE SETTLEMENT TERMS OF THIS ORDER BY SENDING A COPY OF THIS ORDER TO EACH AFFECTED INVESTOR VIA MAIL, EMAIL, OR SUCH OTHER METHOD NOT UNACCEPTABLE TO THE COMMISSION STAFF, TOGETHER WITH A COVER LETTER IN A FORM NOT UNACCEPTABLE TO THE COMMISSION STAFF.

E. WITHIN 40 DAYS OF THE ENTRY OF THIS ORDER, CERTIFY, IN WRITING, COMPLIANCE WITH THESE UNDERTAKINGS.

## Regulator Statement

BFCFS HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF ITS CONDUCT, THE FIRM WILLFULLY VIOLATED SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 PROMULGATED THEREUNDER. ACCORDINGLY, THE FIRM IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 PROMULGATED THEREUNDER. THE FIRM SHALL PAY DISGORGEMENT OF \$128,460.12 AND PREJUDGMENT INTEREST OF \$25,968.01, AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$235,000. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.

THE FIRM HAS UNDERTAKEN TO:

A. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, REVIEW AND CORRECT AS NECESSARY ALL RELEVANT DISCLOSURE DOCUMENTS CONCERNING MUTUAL FUND SHARE CLASS SELECTION, CASH SWEEP VEHICLE SELECTION, 12B-1 FEES AND REVENUE SHARING.

B. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, EVALUATE WHETHER EXISTING CLIENTS SHOULD BE MOVED TO A LOWER-COST MUTUAL FUND SHARE CLASS OR LOWER-COST CASH SWEEP VEHICLE AND MOVE CLIENTS AS NECESSARY.



C. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, EVALUATE, UPDATE (IF NECESSARY), AND REVIEW FOR THE EFFECTIVENESS OF THEIR IMPLEMENTATION, THE FIRM'S POLICIES AND PROCEDURES SO THAT THEY ARE REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT IN CONNECTION WITH DISCLOSURES REGARDING MUTUAL FUND SHARE CLASS SELECTION AND CASH SWEEP VEHICLE SELECTION AND IN CONNECTION WITH MAKING RECOMMENDATIONS OF MUTUAL FUND SHARE CLASSES OR CASH SWEEP VEHICLES THAT ARE IN THE BEST INTERESTS OF ITS ADVISORY CLIENTS.

D. WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, THE FIRM SHALL NOTIFY AFFECTED INVESTORS OF THE SETTLEMENT TERMS OF THIS ORDER BY SENDING A COPY OF THIS ORDER TO EACH AFFECTED INVESTOR VIA MAIL, EMAIL, OR SUCH OTHER METHOD NOT UNACCEPTABLE TO THE COMMISSION STAFF, TOGETHER WITH A COVER LETTER IN A FORM NOT UNACCEPTABLE TO THE COMMISSION STAFF.

E. WITHIN 40 DAYS OF THE ENTRY OF THIS ORDER, CERTIFY, IN WRITING, COMPLIANCE WITH THESE UNDERTAKINGS.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY BY BFCFS, A DUALYREGISTERED BROKER-DEALER AND REGISTERED INVESTMENT ADVISER, IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES THAT RESULTED IN BFCFS'S RECEIPT OF TWO TYPES OF FEES FROM ITS ADVISORY CLIENTS' INVESTMENTS AT TIMES FROM JANUARY 2014 THROUGH MARCH 2018. THESE FEES INCLUDED: (1) FEES BFCFS RECEIVED WHEN IT PURCHASED, RECOMMENDED, OR HELD FOR ITS ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT PAID FEES PURSUANT TO RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 ("12B-1 FEES") INSTEAD OF LOWER-COST AVAILABLE SHARE CLASSES OF THE SAME FUNDS THAT DID NOT CHARGE THESE FEES; AND (2) FEES BFCFS RECEIVED FROM ITS UNAFFILIATED CLEARING BROKER AS A RESULT OF BFCFS'S ADVISORY CLIENTS' UNINVESTED CASH BEING SWEEPED INTO SHARE CLASSES OF CERTAIN MONEY MARKET MUTUALFUNDS ("MONEY MARKET FUNDS") INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME MONEY MARKET FUNDS THAT DID NOT RESULT IN THE PAYMENT OF FEES TO BFCFS THAT WERE AVAILABLE TO ADVISORY CLIENTS.
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/09/2019
<b>Docket/Case Number:</b>	3-20564



**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):** MONEY MARKET FUNDS

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

**Other Sanction(s)/Relief Sought:** CENSURE, DISGORGEMENT, AND CIVIL PENALTY

**Resolution:** Settled

**Resolution Date:** 09/16/2021

**Sanctions Ordered:** Censure  
Monetary/Fine \$235,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** BFCFS SHALL PAY DISGORGEMENT OF \$128,460.12 AND PRE-JUDGEMENT INTEREST OF \$25,968.01. BFCFS SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$235,000.00 BFCFS SHALL PAY THE DISGORGEMENT, PREJUDGEMENT INTEREST AND CIVIL PENALTIES IN THE FOLLOWING INSTALLMENTS: WITHIN 10 DAYS OF THE ENTRY OF THE ORDERED BFCFS SHALL PAY \$154,428.13 REPRESENTING THE FULL AMOUNT OF DISGORGEMENT AND PREJUDGEMENT INTEREST, AND SHALL PAY \$78,333.33 OF THE CIVIL PENALTY AMOUNT WITHIN 90 DAYS OF THE ORDER, \$78,333.33 OF THE CIVIL PENALTY AMOUNT WITHIN 180 DAYS OF THE ENTRY OF THE ORDER, AND \$78,333.34 OF THE CIVIL PENALTY AMOUNT WITHIN 270 DAYS OF THE ORDER, PLUS ALL ACCRUED INTEREST.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY BY BFCFS, A DUALYREGISTERED BROKER-DEALER AND REGISTERED INVESTMENT ADVISER, IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES THAT RESULTED IN BFCFS'S RECEIPT OF TWO TYPES OF FEES FROM ITS ADVISORY CLIENTS' INVESTMENTS AT TIMES FROM JANUARY 2014 THROUGH MARCH 2018. THESE FEES INCLUDED: (1) FEES BFCFS RECEIVED WHEN IT PURCHASED, RECOMMENDED, OR HELD FOR ITS ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT PAID FEES PURSUANT TO RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 ("12B-1 FEES") INSTEAD OF LOWER-COST AVAILABLE SHARE CLASSES OF THE SAME FUNDS THAT DID NOT





CHARGE THESE FEES; AND (2) FEES BFCFS RECEIVED FROM ITS UNAFFILIATED CLEARING BROKER AS A RESULT OF BFCFS'S ADVISORY CLIENTS' UNINVESTED CASH BEING SWEEPED INTO SHARE CLASSES OF CERTAIN MONEY MARKET MUTUALFUNDS ("MONEY MARKET FUNDS") INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME MONEY MARKET FUNDS THAT DID NOT RESULT IN THE PAYMENT OF FEES TO BFCFS THAT WERE AVAILABLE TO ADVISORY CLIENTS.

**Initiated By:** SECURITIES AND EXCHANGE COMMISSION

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

**Docket/Case Number:** 3-20564

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):** MONEY MARKET FUNDS

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

**Other Sanction(s)/Relief Sought:** CENSURE, DISGORGEMENT, AND CIVIL PENALTY

**Resolution:** Settled

**Resolution Date:** 09/16/2021

**Sanctions Ordered:** Censure  
Monetary/Fine \$235,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** BFCFS SHALL PAY DISGORGEMENT OF \$128,460.12 AND PRE-JUDGEMENT INTEREST OF \$25,968.01. BFCFS SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$235,000.00 BFCFS SHALL PAY THE DISGORGEMENT, PREJUDGEMENT INTEREST AND CIVIL PENALTIES IN THE FOLLOWING INSTALLMENTS: WITHIN 10 DAYS OF THE ENTRY OF THE ORDERED BFCFS SHALL PAY \$154,428.13 REPRESENTING THE FULL AMOUNT OF DISGORGEMENT AND PREJUDGEMENT INTEREST, AND SHALL PAY \$78,333.33 OF THE CIVIL PENALTY AMOUNT WITHIN 90 DAYS OF THE ORDER, \$78,333.33 OF THE CIVIL PENALTY AMOUNT WITHIN 180 DAYS OF THE ENTRY OF THE ORDER, AND \$78,333.34 OF THE CIVIL PENALTY AMOUNT WITHIN 270 DAYS OF THE ORDER, PLUS ALL ACCRUED INTEREST.

### Disclosure 3 of 27

**Reporting Source:** Regulator





**Current Status:** Final

**Allegations:** JEFFREY PAUL DRAGON, AGENT OF BERTHEL FISHER, BETWEEN 2010-2014, ENGAGED IN NUMEROUS VIOLATIONS OF NH SECURITIES LAWS BY MAKING UNSUITABLE INVESTMENT RECOMMENDATIONS IN UNIT INVESTMENT TRUSTS WITH 11 NEW HAMPSHIRE CLIENTS. CERTAIN DEFICIENCIES IN BERTHEL FISHER'S SUPERVISION OF ITS AGENTS PERMITTED THE AGENT TO MAKE SUCH RECOMMENDATIONS.

**Initiated By:** NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION

**Date Initiated:** 02/06/2018

**Docket/Case Number:** I-2018000000

**URL for Regulatory Action:** [HTTP://SOS.NH.GOV/ENFORCEACT.ASPX](http://SOS.NH.GOV/ENFORCEACT.ASPX)  
(WILL APPEAR UNDER THIS LINK; NOT YET POSTED)

**Principal Product Type:** Unit Investment Trust(s)

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CEASE & DESIST AND ADMINISTRATIVE FINE

**Resolution:** Consent

**Resolution Date:** 10/29/2019

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

**Sanctions Ordered:** Monetary/Fine \$250,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** COSTS OF INVESTIGATION AT \$50,000/

**Sanction Details:** ADMINISTRATIVE FINE: \$250,000  
RESTITUTION: \$115,407.25  
INVESTIGATION COSTS: \$50,000  
TOTAL: \$415,407.25

CEASE AND DESIST FROM FAILING TO REASONABLY SUPERVISE



CUSTOMER RECOMMENDATIONS REGARDING UITS AND CEASE AND  
DESIST FROM FURTHER VIOLATIONS OF NEW HAMPSHIRE SECURITIES  
LAW.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	JEFFREY PAUL DRAGON, AGENT OF BERTHEL FISHER, BETWEEN 2010-2014, ENGAGED IN NUMEROUS VIOLATIONS OF NH SECURITIES LAWS BY MAKING UNSUITABLE INVESTMENT RECOMMENDATIONS IN UNIT INVESTMENT TRUSTS WITH 11 NEW HAMPSHIRE CLIENTS. CERTAIN DEFICIENCIES IN BERTHEL FISHER'S SUPERVISION OF ITS AGENTS PERMITTED THE AGENT TO MAKE SUCH RECOMMENDATIONS.
<b>Initiated By:</b>	NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION
<b>Date Initiated:</b>	02/06/2018
<b>Docket/Case Number:</b>	I-2018000000
<b>Principal Product Type:</b>	Unit Investment Trust(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	CEASE & DESIST AND ADMINISTRATIVE FINE
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/29/2019
<b>Sanctions Ordered:</b>	Monetary/Fine \$250,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	COSTS OF INVESTIGATION AT \$50,000
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FACTS OR ALLEGATIONS CONTAINED HEREIN, BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. CONSENTS TO THE FOLLOWING UNDERTAKINGS AND SANCTIONS: ADMINISTRATIVE FINE: \$250,000 RESTITUTION: \$115,407.25 INVESTIGATION COSTS: \$50,000 TOTAL: \$415,407.25 CEASE AND DESIST FROM FAILING TO REASONABLY SUPERVISE CUSTOMER RECOMMENDATIONS REGARDING UITS AND CEASE AND DESIST FROM FURTHER VIOLATIONS OF NEW HAMPSHIRE SECURITIES LAW.

**Disclosure 4 of 27****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT A REGISTERED REPRESENTATIVE GENERATED MORE THAN \$421,000 IN CONCESSIONS FOR HIMSELF AND THE FIRM, AT THE EXPENSE OF HIS CUSTOMERS, BY RECOMMENDING AND EFFECTING A PATTERN OF UNSUITABLE SHORT-TERM TRADING OF UNIT INVESTMENT TRUSTS (UITs). THE COMPLAINT ALLEGES THAT THE FIRM IS LIABLE FOR THE REPRESENTATIVE'S UNSUITABLE INVESTMENT RECOMMENDATIONS UNDER THE DOCTRINE OF RESPONDEAT SUPERIOR BECAUSE THE REPRESENTATIVE WAS AN AGENT OF THE FIRM ACTING WITHIN THE SCOPE OF HIS DUTIES WHEN HE ENGAGED IN THIS MISCONDUCT. THE SHORT-TERM TRADING PATTERNS WERE INCONSISTENT WITH THE DESIGN OF THE SECURITIES AT ISSUE AND REQUIRED THE CUSTOMERS TO PAY SUBSTANTIAL SALES CHARGES, MOST OF WHICH CAME BACK TO THE FIRM AND THE REPRESENTATIVE IN THE FORM OF DEALER CONCESSIONS. BECAUSE EACH UIT PURCHASED CARRIED A NEW SALES LOAD, AND BECAUSE UITs ARE DESIGNED NOT TO BE ACTIVELY TRADED, THE REPRESENTATIVE'S RECOMMENDATIONS WERE EXCESSIVE AND UNSUITABLE. THE REPRESENTATIVE ALSO ROUTINELY STRUCTURED THE UIT PURCHASES HE RECOMMENDED TO THE CUSTOMERS IN ORDER TO PREVENT THE CUSTOMERS FROM QUALIFYING FOR SALES CHARGE DISCOUNTS, WHICH WOULD HAVE REDUCED THE DEALER CONCESSIONS PAID TO HIM AND THE FIRM. THE COMPLAINT ALSO ALLEGES THAT THE FIRM ALLOWED THIS ACTIVITY TO OCCUR, AND IN FACT, PROFITED FROM IT, AS A DIRECT RESULT OF ITS INADEQUATE SYSTEM FOR SUPERVISING UIT TRADING. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS AND ITS REPRESENTATIVES' SUITABILITY OBLIGATIONS UNDER THE FEDERAL SECURITIES LAWS AND FINRA AND NASD RULES IN CONNECTION WITH SALES OF UITs, AND TO ENSURE THAT CUSTOMERS RECEIVED SALES-CHARGE DISCOUNTS TO WHICH THEY WERE ENTITLED ON UIT PURCHASES. THE FIRM'S SUPERVISORY SYSTEM WAS ALSO INADEQUATE BECAUSE IT WAS NOT REASONABLY DESIGNED TO PREVENT SHORT-TERM AND POTENTIALLY EXCESSIVE TRADING IN MUTUAL FUNDS. AS WITH UITs, THE FIRM'S SUPERVISORY SYSTEM LACKED ANY METHODS, REPORTS, OR OTHER TOOLS TO IDENTIFY MUTUAL-FUND SWITCHING OR TRADING PATTERNS INDICATIVE OF OTHER MISCONDUCT. THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM'S UIT AND MUTUAL FUND CUSTOMERS RECEIVED ALL SALES CHARGE DISCOUNTS TO WHICH THEY



WERE ENTITLED. INSTEAD, THE FIRM RELIED ON ITS REGISTERED REPRESENTATIVES AND ITS CLEARING FIRM TO DETERMINE WHETHER UIT AND MUTUAL FUND PURCHASES SHOULD RECEIVE SALES CHARGE DISCOUNTS, AND CONDUCTED NO REVIEW OR SUPERVISION TO DETERMINE IF THOSE DISCOUNTS WERE APPLIED CORRECTLY. THIS NOT ONLY ALLOWED THE REPRESENTATIVE'S BREAKPOINT MANIPULATION SCHEME TO GO UNCHECKED, IT ALSO RESULTED IN FURTHER INJURY TO FIRM CUSTOMERS. FROM 2010 THROUGH 2014, THE FIRM FAILED TO DETECT THAT MORE THAN 2,700 OF ITS CUSTOMERS' UIT PURCHASES DID NOT RECEIVE APPLICABLE SALES CHARGE DISCOUNTS. AS A RESULT, FIRM CUSTOMERS PAID EXCESSIVE SALES CHARGES OF APPROXIMATELY \$667,000, NEARLY ALL OF WHICH WAS PAID TO THE FIRM AND ITS REGISTERED REPRESENTATIVES AS DEALER CONCESSIONS.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/20/2017
<b>Docket/Case Number:</b>	2014039169601
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	UNIT INVESTMENT TRUSTS
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	02/05/2018
<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 \$225,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$225,000, ORDERED TO PAY THE TOTAL AMOUNT OF \$117,315.41, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, ORDERED TO DISGORGE THE TOTAL AMOUNT OF \$299,471.73 OF CONCESSIONS RECEIVED TO FINRA, AND REQUIRED TO



RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO ALL PRODUCTS THAT IT OFFERS TO CUSTOMERS, INCLUDING BUT NOT LIMITED TO UITs AND MUTUAL FUNDS. FINE PAID IN FULL ON JANUARY 27, 2022.

## Regulator Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT A REGISTERED REPRESENTATIVE OF THE FIRM GENERATED APPROXIMATELY \$417,000 IN CONCESSIONS FOR HIMSELF AND THE FIRM, AT THE EXPENSE OF HIS CUSTOMERS, BY RECOMMENDING AND EFFECTING A PATTERN OF UNSUITABLE SHORT-TERM TRADING OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT THE FIRM IS LIABLE FOR THE REPRESENTATIVE'S UNSUITABLE INVESTMENT RECOMMENDATIONS UNDER THE DOCTRINE OF RESPONDEAT SUPERIOR BECAUSE HE WAS AN AGENT OF THE FIRM ACTING WITHIN THE SCOPE OF HIS DUTIES WHEN HE ENGAGED IN THIS MISCONDUCT. THE REPRESENTATIVE RECOMMENDED TO 12 CUSTOMERS - MANY OF WHOM WERE SENIORS, UNSOPHISTICATED INVESTORS, OR BOTH - THAT THEY LIQUIDATE UIT POSITIONS THAT THEY HAD HELD FOR ONLY A FEW MONTHS, AND WHICH THEY HAD PURCHASED ON HIS RECOMMENDATIONS, AND THEN USE THE PROCEEDS TO PURCHASE OTHER UITs. BECAUSE EACH UIT PURCHASED CARRIED A NEW SALES LOAD AND BECAUSE OF THE UITs DESIGN THAT ARE NOT FOR ACTIVE TRADING, THE REPRESENTATIVE'S RECOMMENDATIONS WERE EXCESSIVE AND UNSUITABLE. THE SHORT-TERM TRADING PATTERNS WERE INCONSISTENT WITH THE DESIGN OF THE SECURITIES AT ISSUE AND REQUIRED THE CUSTOMERS TO PAY SUBSTANTIAL SALES CHARGES, MOST OF WHICH CAME BACK TO THE FIRM AND THE REPRESENTATIVE IN THE FORM OF DEALER CONCESSIONS. THE FIRM ALLOWED THIS ACTIVITY TO OCCUR, AND IN FACT, PROFITED FROM IT, AS A DIRECT RESULT OF ITS INADEQUATE SYSTEM FOR SUPERVISING UIT TRADING. THE FIRM'S ONLY REGULAR SUPERVISORY REVIEW OF UIT RECOMMENDATIONS AND CUSTOMER ACTIVITY CONSISTED OF MANUAL REVIEWS OF DAILY TRADE BLOTTERS THAT DID NOT INDICATE EITHER HOW LONG UIT POSITIONS WAS HELD BEFORE LIQUIDATION OR THE SOURCE OF FUNDS USED TO PURCHASE NEW UITs. THUS, THE FIRM'S SUPERVISORY SYSTEM WAS ALSO INADEQUATE BECAUSE ITS DESIGN DID NOT PREVENT SHORT-TERM AND POTENTIALLY EXCESSIVE TRADING IN UIT TRADING. THE FIRM ALSO DID NOT DESIGN REASONABLY ITS SUPERVISORY SYSTEM TO PREVENT SHORT-TERM AND POTENTIALLY EXCESSIVE TRADING IN MUTUAL FUNDS. AS WITH UITs, THE FIRM'S SUPERVISORY SYSTEM LACKED ANY METHODS, REPORTS, OR OTHER TOOLS TO IDENTIFY MUTUAL FUND SWITCHING OR TRADING PATTERNS INDICATIVE OF OTHER MISCONDUCT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND



MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS AND ITS REPRESENTATIVES' SUITABILITY OBLIGATIONS UNDER THE FEDERAL SECURITIES LAWS AND FINRA AND NASD RULES IN CONNECTION WITH SALES OF UITs AND TO ENSURE THAT CUSTOMERS RECEIVED SALES-CHARGE DISCOUNTS TO WHICH THEY WERE ENTITLED. THE FIRM ALSO FAILED IN THE SAME MANNER RELATED TO ITS SUPERVISORY SYSTEM NOT REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS AND ITS REPRESENTATIVES' SUITABILITY OBLIGATIONS IN CONNECTION WITH THE TRADING OF MUTUAL FUNDS, AND TO ENSURE THAT CUSTOMERS RECEIVED SALES-CHARGE DISCOUNTS TO WHICH THEY WERE ENTITLED. THE FIRM RELIED ON ITS REGISTERED REPRESENTATIVES AND CLEARING FIRM TO DETERMINE WHETHER UIT AND MUTUAL FUND PURCHASES SHOULD RECEIVE SALES-CHARGE DISCOUNTS, AND DID NOT CONDUCT ANY REVIEW OR SUPERVISION TO DETERMINE IF THOSE DISCOUNTS WERE APPLIED CORRECTLY. THIS NOT ONLY ALLOWED THE REGISTERED REPRESENTATIVE'S BREAKPOINT MANIPULATION SCHEME TO GO UNCHECKED, IT ALSO RESULTED IN FURTHER INJURY TO FIRM CUSTOMERS. THE FIRM FAILED TO DETECT THAT MORE THAN 2,700 OF ITS CUSTOMERS' UIT PURCHASES DID NOT RECEIVE APPLICABLE SALES-CHARGE DISCOUNTS. AS A RESULT, FIRM CUSTOMERS PAID EXCESSIVE SALES CHARGES OF APPROXIMATELY \$667,000, WHICH WAS NEARLY ALL PAID TO THE FIRM AND ITS REGISTERED REPRESENTATIVES AS DEALER CONCESSIONS. IN CONSULTATION WITH FINRA, THE FIRM ACKNOWLEDGED THAT IT HAD MISSED THE DISCOUNTS IDENTIFIED ABOVE AND PAID RESTITUTION TO THE AFFECTED CUSTOMERS.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGATIONS INCLUDE: VIOLATION OF FINRA RULES 2111 AND 2010 (UNSUITABLE UIT RECOMMENDATIONS); VIOLATIONS OF NASD CONDUCT RULE 3010 AND FINRA RULES 3110 AND 2010.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/20/2017
<b>Docket/Case Number:</b>	2014039169601
<b>Principal Product Type:</b>	Unit Investment Trust(s)
<b>Other Product Type(s):</b>	MUTUAL FUNDS(S)
<b>Principal Sanction(s)/Relief Sought:</b>	



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

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

**Resolution Date:** 02/05/2018

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$225,000, ORDERED TO PAY THE TOTAL AMOUNT OF \$117,315.41, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, ORDERED TO DISGORGE THE TOTAL AMOUNT OF \$299,471.73 OF CONCESSIONS RECEIVED TO FINRA, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO ALL PRODUCTS THAT IT OFFERS TO CUSTOMERS, INCLUDING BUT NOT LIMITED TO UITs AND MUTUAL FUNDS. FINE PAID IN FULL ON JANUARY 27,2022.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM FAILED TO PREVENT A RR FROM EFFECTING A PATTERN OF UNSUITABILITY TRADING OF UNIT INVESTMENT TRUSTS (UITs) TO 12 CUSTOMERS FROM 2013-2014; AND THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM'S UIT AND MUTUAL FUND CUSTOMERS RECEIVED ALL SALES CHARGE DISCOUNTS TO WHICH THEY WERE ENTITLED FROM 2010-2014. THE FIRM HAS OR WILL PROVIDE RESTITUTION TO THE AFFECTED CUSTOMERS. THE FIRM CONSENTED TO THE SETTLEMENT ORDER IN PART TO AVOID THE COST AND UNCERTAINTY OF LITIGATION.

### Disclosure 5 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTION 17(A) OF THE EXCHANGE ACT, RULE 17A-4, FINRA RULE 2010, NASD RULES 2110, 2310, 3010, 3010(A), 3010(B), 3011(A): FOR ALMOST FIVE YEARS, THE FIRM DID NOT IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM FOR THE SALE OF ALTERNATIVE INVESTMENTS THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD RULE 2310, FINRA RULE 2111 AND PROSPECTUS AND STATE SUITABILITY





REQUIREMENTS. THE FIRM DID NOT ADEQUATELY MONITOR CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS, INCLUDING IN NON-TRADED REITS, TO ENSURE THAT THESE TRANSACTIONS ALONE OR TOGETHER WITH OTHER ALTERNATIVE INVESTMENTS DID NOT RESULT IN AN OVERCONCENTRATION OF SUCH INVESTMENTS IN CUSTOMER ACCOUNTS. THE PRIMARY TOOL THE FIRM USED TO MONITOR CONCENTRATION LEVELS WAS AN ALTERNATIVE INVESTMENTS LOG, WHICH WAS INADEQUATE FOR TWO REASONS. FIRST, THE LOG ONLY RECORDED APPROVED ALTERNATIVE INVESTMENT TRANSACTIONS THAT WERE EFFECTED AND APPROVED AT THE FIRM. ACCORDINGLY, ALTERNATIVE INVESTMENT TRANSACTIONS THAT WERE TRANSFERRED TO THE FIRM FROM A BROKER-DEALER ACCOUNT OUTSIDE OF THE FIRM OR BROUGHT IN WITH A NEW CUSTOMER OF THE FIRM WERE NOT RECORDED ON THE LOG. THE FIRM THEREFORE COULD NOT ENSURE THAT IN CERTAIN INSTANCES THE ALTERNATIVE INVESTMENTS LISTED ON THE LOG REPRESENTED A COMPLETE PICTURE OF THE AMOUNT OF ALTERNATIVE INVESTMENTS IN A CUSTOMER'S PORTFOLIO. SECOND, THE FIRM DID NOT IMPLEMENT CONTROLS SUFFICIENT TO ENSURE THAT ITS PRINCIPALS RECORDED ALL OF THE APPROVED ALTERNATIVE INVESTMENT TRANSACTIONS, THUS COMPROMISING THE SUITABILITY REVIEW FOR LATER TRANSACTIONS. THE FIRM'S SUITABILITY REVIEW INCLUDED AN EVALUATION OF WHETHER A PURCHASE OF ALTERNATIVE INVESTMENTS COMPORTED WITH STATE SUITABILITY STANDARDS. PURSUANT TO THE FIRM'S POLICY, THE FIRM'S PRINCIPALS REVIEWED THE SUBSCRIPTION AGREEMENT, BUT NOT THE PROSPECTUS, ISSUED BY THE PRODUCT SPONSOR TO DETERMINE THE APPLICABLE CONCENTRATION STANDARDS FOR THE STATE THAT THE CUSTOMER RESIDED IN. ON CERTAIN OCCASIONS, HOWEVER, THE SUBSCRIPTION AGREEMENT AND THE PROSPECTUS CONTAINED INCONSISTENT INFORMATION REGARDING STATE CONCENTRATION STANDARDS. AS A RESULT, THE FIRM'S REVIEW OF SUBSCRIPTION AGREEMENTS FOR CUSTOMERS RESIDING IN STATES WITH HEIGHTENED CONCENTRATION STANDARDS WAS INSUFFICIENT AND, IN CERTAIN INSTANCES, IT WAS UNABLE TO DETERMINE WHETHER THE APPLICABLE CONCENTRATION STANDARDS WERE FOLLOWED. THE FIRM ALSO DID NOT ADEQUATELY TRAIN ITS PRINCIPALS OR REGISTERED REPRESENTATIVES REGARDING STATE SUITABILITY STANDARDS OR THE TERMINOLOGY USED IN DIFFERENT STATE GUIDELINES RELATING TO STATE SPECIFIC CONCENTRATION STANDARDS. SIMILARLY, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE GUIDANCE TO ITS PERSONNEL REGARDING THE DIFFERENT STATE CONCENTRATION STANDARDS. THE FIRM HAD INADEQUATE CONTROLS TO ENSURE THAT THE SUBSCRIPTION AGREEMENT BEING USED BY THE REGISTERED REPRESENTATIVE WAS THE MOST RECENT SUBSCRIPTION AGREEMENT AND CORRESPONDED TO THE MOST RECENT PROSPECTUS ISSUED BY





THE SPONSOR OF THE ALTERNATIVE INVESTMENT IN QUESTION. IN THOSE INSTANCES WHERE THE FIRM DID NOT USE THE MOST CURRENT SUBSCRIPTION AGREEMENT, THE FIRM COULD NOT DETERMINE WHETHER AN ALTERNATIVE INVESTMENT WAS IN ACCORD WITH STATE SUITABILITY STANDARDS. THE ABSENCE OF ADEQUATE CONTROLS COMPROMISED THE FIRM'S SUITABILITY REVIEW. FOR A LITTLE OVER THREE YEARS, THE FIRM DID NOT IMPLEMENT A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ENSURE THE SUITABILITY OF NON-TRADITIONAL EXCHANGE-TRADED FUNDS (ETF) SALES. THE FIRM'S PRODUCT REVIEW COMMITTEE DID NOT REVIEW OR APPROVE NON-TRADITIONAL ETFS FOR SALE BY REGISTERED REPRESENTATIVES, NOR DID THE FIRM UNDERTAKE ANY FIRM-WIDE MEASURES TO RESEARCH NON-TRADITIONAL ETFS UNTIL THE FIRM'S REGISTERED REPRESENTATIVES HAD ALREADY BEEN SELLING THESE PRODUCTS TO CUSTOMERS FOR OVER TWO YEARS. THE FIRM ALSO FAILED TO PROVIDE ITS PERSONNEL WITH ADEQUATE TRAINING REGARDING NON-TRADITIONAL ETFS. (CONT. IN COMMENT)

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	02/24/2014
<b>Docket/Case Number:</b>	2012032541401
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	ALTERNATIVE INVESTMENT TRANSACTIONS, INCLUDING IN NON-TRADED REITS; NON-TRADITIONAL ETFS
<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>	02/24/2014
<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 \$675,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	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 \$675,000 AND ORDERED TO PAY \$13,292.53 IN RESTITUTION TO CUSTOMERS. THE FIRM SHALL SUBMIT TO FINRA SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION. IF FOR ANY REASON THE FIRM CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED. THE FIRM SHALL PROVIDE SATISFACTORY PROOF OF SUCH ACTION TO FINRA.

RETAIN, WITHIN 90 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, AN INDEPENDENT CONSULTANT (IC), NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO THE SUPERVISORY DEFICIENCIES ADDRESSED HEREIN PERTAINING TO THE SALES/SUITABILITY REVIEW OF ALTERNATIVE INVESTMENT TRANSACTIONS INCLUDING A REVIEW OF THE FIRM'S INTERNAL GUIDELINES/STANDARDS FOR ASSESSING PRODUCT/ASSET CONCENTRATION LEVELS FOR ALTERNATIVE INVESTMENT TRANSACTIONS; AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 180 DAYS AFTER THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, REQUIRE THE IC TO SUBMIT TO THE FIRM AND FINRA A WRITTEN REPORT; AND WITHIN 90 DAYS AFTER DELIVERY OF THE WRITTEN REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE IC OR, IF IT DETERMINES THAT A RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE TO THE IC DESIGNED TO ACHIEVE THE SAME OBJECTIVE. THE FIRM SHALL SUBMIT SUCH PROPOSED ALTERNATIVES IN WRITING SIMULTANEOUSLY TO THE IC AND FINRA. WITHIN 30 DAYS AFTER THE ISSUANCE OF A WRITTEN REPORT, THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT.

### Regulator Statement

(CONT. FROM ALLEGATION SECTION) THE FIRM'S SUPERVISORY REVIEW OF NON-TRADITIONAL ETF TRANSACTIONS WAS ALSO INADEQUATE. FOR A LITTLE OVER THREE YEARS, THE FIRM ALLOWED CERTAIN OF THEIR REGISTERED REPRESENTATIVES TO RECOMMEND NON-TRADITIONAL ETFS TO CERTAIN OF THEIR CUSTOMERS WITHOUT FIRST CONDUCTING ADEQUATE DUE DILIGENCE ON THE PRODUCTS. THE FIRM, ACTING THROUGH ITS REGISTERED REPRESENTATIVES, RECOMMENDED APPROXIMATELY \$49.4 MILLION WORTH OF NON-TRADITIONAL ETFS IN



SALES TO MORE THAN 1,000 CUSTOMERS. BY FAILING TO ENSURE THAT CERTAIN OF ITS REGISTERED REPRESENTATIVES UNDERSTOOD THE UNIQUE FEATURES AND RISKS OF NON-TRADITIONAL ETFS, SALES OF THESE PRODUCTS TO CERTAIN CUSTOMERS LACKED A REASONABLE BASIS. SOME OF THE FIRM'S NON-TRADITIONAL ETF SALES OCCURRED IN THE ACCOUNTS OF CUSTOMERS WHO HAD STATED A PREFERENCE FOR A CONSERVATIVE APPROACH TO INVESTMENTS IN THEIR ACCOUNTS, AND THE RECOMMENDED TRANSACTIONS RESULTED IN SOME CUSTOMERS HOLDING NON-TRADITIONAL ETF POSITIONS FOR MONTHS AND SOMETIMES YEARS. CERTAIN CUSTOMERS WITH CONSERVATIVE INVESTMENT OBJECTIVES WHO BOUGHT ONE OR MORE NON-TRADITIONAL ETFS AND HELD THOSE INVESTMENTS FOR LONGER PERIODS OF TIME EXPERIENCED NET LOSSES. THE FIRM ALSO DID NOT IMPLEMENT A REASONABLE SYSTEM FOR THE SUPERVISION OF A REMOTE BRANCH OFFICE. FOR A LITTLE OVER TWO YEARS, THE FIRM DID NOT CONDUCT PERIODIC UNANNOUNCED AUDITS OF THE BRANCH OFFICE; AND DID NOT INDEPENDENTLY REVIEW DOCUMENTS HOUSED AT THE BRANCH OFFICE, INCLUDING FILES CONTAINING EVIDENCE OF A REGISTERED PERSON'S OUTSIDE VENTURES AND OTHER TRANSACTION-RELATED DOCUMENTS CONCERNING PRIVATE SECURITIES TRANSACTIONS. THE FIRM ALSO FAILED TO TIMELY REVIEW SOME EMAILS EMANATING FROM THE BRANCH. DURING A REVIEW OF EMAILS, THE FIRM'S COMPLIANCE PERSONNEL DISCOVERED AN EMAIL ATTACHING A SPREADSHEET LISTING A PARTICULAR CUSTOMER'S INVESTMENTS, INCLUDING INVESTMENTS IN TWO OUTSIDE BUSINESSES THAT HAD NOT PREVIOUSLY BEEN DISCLOSED TO THE FIRM. THIS EMAIL WAS DATED NINE MONTHS PRIOR TO ITS REVIEW BY THE FIRM'S COMPLIANCE STAFF. HAD THE EMAIL BEEN REVIEWED BY THE FIRM IN A TIMELY MANNER, THE FIRM COULD HAVE DETECTED AND PREVENTED MISCONDUCT AT THE BRANCH. AT DIFFERENT TIMES SPANNING A PERIOD OF SIX YEARS, THE FIRM AND ITS AFFILIATE FAILED TO RETAIN SOME EMAILS FOR CERTAIN EMAIL DOMAINS. NEITHER THE FIRM NOR ITS AFFILIATE ESTABLISHED OR MAINTAINED WRITTEN SUPERVISORY PROCEDURES CONCERNING THE RETENTION OF EMAILS, NOR DID EITHER FIRM EFFECTIVELY MONITOR THE OUTSIDE VENDOR CHARGED WITH RETAINING EMAILS. THE AFFECTED DOMAINS INCLUDED THE PRIMARY DOMAINS USED BY THE FIRM AND ITS AFFILIATE, AS WELL AS EMAIL DOMAINS USED BY FIVE BRANCH OFFICES. FOR EXAMPLE, THE FIRM FAILED TO RETAIN ALL OUTBOUND EMAILS FOR ITS PRIMARY DOMAIN. ADDITIONALLY, ITS AFFILIATE FAILED TO RETAIN ALL EXTERNAL INBOUND EMAILS FOR ITS PRIMARY DOMAIN. ONE BRANCH OFFICE LOST ALL INBOUND AND OUTBOUND EMAILS FOR A PERIOD OF MORE THAN FOUR YEARS. FINE PAID IN FULL ON 03/07/14.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGED THAT APPLICANT DID NOT PROPERLY(I)RETAIN CERTAIN EMAILS AS REQUIRED; (II) SUPERVISE A BRANCH OFFICE;(III)SUPERVISE THE SALE OF CERTAIN ALTERNATIVE INVESTMENTS SUCH AS NON-TRADED REITS AND (IV)SUPERVISE THE SALE OF AND PROPERLY TRAIN ITS SALES FORCE IN THE SALE OF NONTRADITIONAL ETF'S.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	02/24/2014
<b>Docket/Case Number:</b>	2012032541401
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS, INCLUDING NON-TRADED REITS AND NONTRADITIONAL ETF'S.
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/24/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$675,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM IS CENSURED AND FINED \$675,000, WHICH WAS PAID ON 12/31/2013. THE FIRM IS ORDERED TO PAY A TOTAL OF \$13,292.53 IN RESTITUTION TO 8 CUSTOMERS. WITHIN 90 DAYS OF THE AWC, THE FIRM MUST RETAIN AN INDEPENDENT CONSULTANT ACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES AND TRAINING RELATED TO THE SALES/SUITABILITY REVIEW OF ALTERNATIVE INVESTMENT TRANSACTIONS.
<b>Firm Statement</b>	THE EMAIL RETENTION PROBLEM WAS CAUSED BY A VENDOR'S ADMITTED FAILURE TO RETAIN SOME, BUT NOT ALL EMAILS DURING A PERIOD OF TIME. THE FIRM CONSENTED TO THE PROPOSED FINDINGS IN PART TO AVOID THE COST AND UNCERTAINTY OF LITIGATION.



### Disclosure 6 of 27

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WHETHER THE FIRM MAY HAVE VIOLATED SUITABILITY REQUIREMENTS BY NOT PROPERLY DETERMINING SUITABILITY OF SOME REAL ESTATE TICS AND FUNDS INVESTMENTS.
<b>Initiated By:</b>	SOUTH DAKOTA
<b>Date Initiated:</b>	07/08/2013
<b>Docket/Case Number:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	REAL ESTATE TICS AND FUNDS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	07/08/2013
<b>Sanctions Ordered:</b>	Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	UP TO \$69,000.00.
<b>Firm Statement</b>	THE STATE ISSUED A CONSENT ORDER REGARDING THE SALES OF REAL ESTATE TICS AND FUNDS TO CERTAIN SOUTH DAKOTA RESIDENTS. UNDER THE CONSENT ORDER THE FIRM WILL PAY UP TO \$69,000.00 PRO RATA TO THOSE AFFECTED RESIDENTS WHO PROVIDE FULL RELEASES.

### Disclosure 7 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILED TO REASONABLY TRAIN A REGISTERED AGENT IN MISSOURI, WHO SOLD UNSUITABLE SECURITIES TO A MISSOURI RESIDENT
<b>Initiated By:</b>	MISSOURI



**Date Initiated:** 03/14/2013

**Docket/Case Number:** AP-13-10

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 03/14/2013

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$80,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** \$80,000

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FAILED TO REASONABLY TRAIN A REGISTERED AGENT IN MISSOURI, WHO SOLD UNSUITABLE SECURITIES TO A MISSOURI RESIDENT

**Initiated By:** MISSOURI

**Date Initiated:** 03/14/2013

**Docket/Case Number:** AP-13-10

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/14/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$80,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$80,000.00

#### Disclosure 8 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ENFORCEMENT SECTION OF THE MISSOURI SECURITIES DIVISION ALLEGES THAT BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC., THROUGH A REGISTERED REPRESENTATIVE OF RESPONDENT, VIOLATED SECTION 409.3-301, RSMO. (CUM. SUPP. 2009) BY OFFERING TO SELL UNREGISTERED SECURITIES. THE ENFORCEMENT SECTION CONTENDS THE SOURCE OF THE ALLEGATION IS AN ARTICLE PUBLISHED IN THE ST. LOUIS BUSINESS JOURNAL ON NOVEMBER 19, 2010.
<b>Initiated By:</b>	MISSOURI SECURITIES DIVISION
<b>Date Initiated:</b>	04/25/2011
<b>Docket/Case Number:</b>	AP-11-12
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/25/2011



**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:**

Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

RESPONDENT SHALL PAY TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND THE SUM OF \$5,000. BEFORE SELLING SECURITIES TO A MISSOURI RESIDENT AND UNTIL MAY 19, 2011, THE RESPONDENT MUST REQUIRE EACH OFFEREE OF THE SECURITIES OFFERED TO SIGN AN ACKNOWLEDGEMENT BEFORE THE PURCHASE THAT THE OFFEREE DID NOT LEARN ABOUT RESPONDENT'S OFFERING AS A RESULT OF THE NOVEMBER 19TH ARTICLE. UNTIL MAY 19, 2011, THE RESPONDENT MUST REFUSE TO OFFER OR SELL TO ANYONE WHO CAME TO THE OFFERING AS A RESULT OF THE NOVEMBER 19TH ARTICLE. RESPONDENT SHALL PAY ITS OWN COSTS AND ATTORNEY'S FEES WITH RESPECT TO THIS MATTER.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

THE ENFORCEMENT SECTION OF THE MISSOURI SECURITIES DIVISION ALLEGES THAT BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC., THROUGH A REGISTERED REPRESENTATIVE OF RESPONDENT, VIOLATED SECTION 409.3-301, RSMO. (CUM. SUPP. 2009) BY OFFERING TO SELL UNREGISTERED SECURITIES. THE ENFORCEMENT SECTION CONTENDS THE SOURCE OF THE ALLEGATION IS AN ARTICLE PUBLISHED IN THE ST. LOUIS BUSINESS JOURNAL ON NOVEMBER 19, 2010.

**Initiated By:**

MISSOURI SECURITIES DIVISION

**Date Initiated:**

04/25/2011

**Docket/Case Number:**

AP-11-12

**Principal Product Type:**

No Product

**Other Product Type(s):**

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

Other





<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/25/2011
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT SHALL PAY TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND THE SUM OF \$5,000. BEFORE SELLING SECURITIES TO A MISSOURI RESIDENT AND UNTIL MAY 19, 2011, THE RESPONDENT MUST REQUIRE EACH OFFEREE OF THE SECURITIES OFFERED TO SIGN AN ACKNOWLEDGMENT BEFORE THE PURCHASE THAT THE OFFEREE DID NOT LEARN ABOUT RESPONDENT'S OFFERING AS A RESULT OF THE NOVEMBER 19TH ARTICLE. UNTIL MAY 19, 2011, THE RESPONDENT MUST REFUSE TO OFFER OR SELL TO ANYONE WHO CAME TO THE OFFERING AS A RESULT OF THE NOVEMBER 19TH ARTICLE. RESPONDENT SHALL PAY ITS OWN COST AND ATTORNEY'S FEES WITH RESPECT TO THIS MATTER. THE FINE WAS PAID BY THE RESPONDENT ON MAY 5, 2011.
<b>Firm Statement</b>	RESPONDENT NEITHER ADMITS NOR DENIES THE ALLEGATIONS MADE BUT CONSENTS TO THE FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER SOLELY FOR THE PURPOSES OF RESOLVING THE PROCEEDINGS.

#### Disclosure 9 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 17A-3(A)(6), FINRA RULES 2010, 6730(A)(6): THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TIME OF TRADE EXECUTION FOR CERTAIN TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM IS REQUIRED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS, BUT THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF BROKERAGE ORDERS FOR SECURITIES TRANSACTIONS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/22/2010
<b>Docket/Case Number:</b>	2009016255901
<b>Principal Product Type:</b>	No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/22/2010

**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 \$12,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$12,500.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULE 17A-3(A)(6), FINRA RULES 2010, 6730(A)(6): THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TIME OF TRADE EXECUTION FOR CERTIAN TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM IS REQUIRED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS, BUT THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF BROKERAGE ORDERS FOR SECURITIES TRANSACTIONS.

**Initiated By:** FINRA

**Date Initiated:** 10/22/2010

**Docket/Case Number:** 2009016255901

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/22/2010
<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 THE FIRM IS CENSURED AND FINED \$12,500.00.

#### Disclosure 10 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>BERTHEL, FISHER &amp; COMPANY FINANCIAL SERVICES, INC. ("BERTHEL") IS A CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF IOWA WITH ITS PRINCIPAL PLACE OF BUSINESS AT 701 TAMA STREET, BUILDING A, MARION, IOWA. AT ALL TIMES RELEVANT TO THIS ORDER, BERTHEL HAS BEEN REGISTERED AS A BROKER-DEALER APPROVED TO EFFECT SECURITIES TRANSACTIONS IN NEBRASKA PURSUANT TO NEB. REV. STAT. § 8-1 103 (CUM. SUPP. 2006). AT ALL TIMES RELEVANT TO THIS ORDER, CONNIE SUE JENSEN ("JENSEN") AND ROGER D. FRANK ("FRANK") WERE REGISTERED IN NEBRASKA AS AGENTS OF BERTHEL. JENSEN AND FRANK MAINTAINED AN OFFICE AT 7160 SOUTH 29TH STREET, SUITE A-1, LINCOLN, NEBRASKA, WHICH WAS REGISTERED AS A BRANCH OFFICE FOR BERTHEL. FRANK ALSO HAD AN OFFICE AT 325 SOUTH WILSON STREET, WILBER, NEBRASKA. JENSEN WAS ALSO REGISTERED AS AN INVESTMENT ADVISER REPRESENTATIVE OF JENSEN MONEY MANAGEMENT, INC. ("JMMI"), AN INVESTMENT ADVISER APPROVED TO DO BUSINESS IN NEBRASKA PURSUANT TO NEB. REV. STAT. § 8-1 103 (CUM. SUPP. 2006). JMMI WAS NOT REGISTERED AS A BROKER-DEALER OR AFFILIATED WITH BERTHEL. JENSEN'S COMMISSIONS FROM BERTHEL WERE DEPOSITED INTO AN ACCOUNT IN THE NAME OF JMMI AND USED TO PAY THE EXPENSES OF OPERATING THE INVESTMENT ADVISER. FRANK IS OWNER AND PRESIDENT OF FRANK FINANCIAL CONCEPTS, INC. ("FFCI"), AN INSURANCE AGENCY AND MORTGAGE BROKER LOCATED AT 7160 SOUTH 29TH STREET, SUITE A-1, LINCOLN,</p>



NEBRASKA. FFCI WAS NOT REGISTERED AS A BROKER-DEALER OR AFFILIATED WITH BERTHEL. FRANK'S COMMISSIONS FROM BERTHEL WERE DEPOSITED INTO AN ACCOUNT IN THE NAME OF FFCI. THE COMMISSIONS WERE COMMINGLED WITH OTHER FUNDS AND USED TO PAY THE COMPANY'S GENERAL EXPENSES. BERTHEL KNEW, OR IN THE EXERCISE OF REASONABLE SUPERVISION SHOULD HAVE KNOWN, THAT THE COMMISSIONS WERE PAID TO ENTITIES OWNED BY JENSEN AND FRANK AND THAT SUCH ENTITIES WERE NOT REGISTERED AS BROKER-DEALERS OR AS AGENTS OF BERTHEL IN NEBRASKA. BERTHEL DID NOT CONDUCT ANY INQUIRY OR EXAMINATION TO ENSURE THAT THE COMMISSIONS WERE NOT BEING HANDLED IMPROPERLY.

**Initiated By:** NEBRASKA DEPARTMENT OF BANKING AND FINANCE

**Date Initiated:** 12/07/2007

**Docket/Case Number:** ORDER # 12187

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** FAILED TO ADEQUATELY SUPERVISE ITS AGENTS IN NEBRASKA.

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

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

**Resolution:** Consent

**Resolution Date:** 12/10/2007

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

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

**Other Sanctions Ordered:**

**Sanction Details:** IT IS THEREFORE ORDERED THAT BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC. SHALL PAY A FINE TO THE DEPARTMENT IN THE AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000.00) FOR FAILING TO ADEQUATELY SUPERVISE ITS AGENTS IN NEBRASKA. SUCH PAYMENT SHALL BE MADE BY A CHECK OR MONEY ORDER PAYABLE TO THE NEBRASKA DEPARTMENT OF BANKING AND FINANCE WITHIN THIRTY (30) DAYS FROM THE EFFECTIVE DATE OF THIS ORDER. IN THE EVENT THAT



BERTHEL FAILS TO COMPLY WITH THE PROVISIONS OF THIS ORDER, THE DEPARTMENT MAY COMMENCE SUCH ACTION AS IT DEEMS NECESSARY AND APPROPRIATE IN THE PUBLIC INTEREST.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FIRM FAILED TO ADEQUATELY SUPERVISE ITS AGENTS TO PREVENT THE AGENTS FROM SHARING TRANSACTIONAL-BASED COMPENSATION WITH A PERSON WHO WAS NOT REGISTERED AS A BROKER-DEALER OR AN AGENT.

**Initiated By:** NEBRASKA DEPARTMENT OF BANKING AND FINANCE

**Date Initiated:** 12/07/2007

**Docket/Case Number:** ORDER# 12187

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 12/10/2007

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

**Other Sanctions Ordered:**

**Sanction Details:** \$5000.00 FINE TO BE PAID BY THE FIRM NO LATER THAN 1/7/2008.

**Firm Statement** THE FIRM NEITHER ADMITS NOR DENIES THE ALLEGATIONS MADE BY THE NEBRASKA DEPARTMENT OF BANKING & FINANCE BUT AGREES TO THE TERMS OF THE CONSENT ORDER.

#### Disclosure 11 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 17A-3, NASD RULES 3110, 6230(A), 6230(C)(8) - BERTHEL, FISHER & COMPANY FINANCIAL SERVICES FAILED TO RECORD THE CORRECT



TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIES: THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION; THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR TRANSACTIONS; AND THE FIRM FAILED TO ENTER THE CORRECT EXECUTION TIMES FOR TRADES INTO THE TRADE ENTRY SYSTEM THAT PROCESSES ITS ELECTRONIC ORDER TICKETS.

**Initiated By:** FINRA

**Date Initiated:** 01/08/2009

**Docket/Case Number:** 2007009958101

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES

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

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

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

**Resolution Date:** 01/08/2009

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

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

**Other Sanctions Ordered:**

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

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULE 17A-3, NASD RULES 3110, 6230(A), 6230(C)(8) - BERTHEL, FISHER & COMPANY FINANCIAL SERVICES FAILED TO RECORD THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRADE REPORTING



AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIES: THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION; THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR TRANSACTIONS; AND THE FIRM FAILED TO ENTER THE CORRECT EXECUTION TIMES FOR TRADES INTO THE TRADE ENTRY SYSTEM THAT PROCESSES ITS ELECTRONIC ORDER TICKETS.

**Initiated By:** FINRA

**Date Initiated:** 01/08/2009

**Docket/Case Number:** 20070099581-01

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE 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:** 01/08/2009

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

#### Disclosure 12 of 27

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FIRM FAILED TO SUPERVISE A FORMER REGISTERED REPRESENTATIVE IN HIS PRIVATE SECURITIES AND ANNUITIES TRANSACTIONS WHILE EMPLOYED BY THE FIRM

**Initiated By:** MISSOURI SECURITIES DIVISION

**Date Initiated:** 05/04/2005

**Docket/Case Number:** CASE NO. AP-07-21



<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	ANNUITIES, PRIVATE SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT ORDER
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/17/2007
<b>Sanctions Ordered:</b>	Monetary/Fine \$230,469.14 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	FIRM IS TO HIRE AN OUTSIDE CONSULTANT WHO WILL FURNISH REPORTS TO THE STATE CONCERNING THE FIRM'S SUPERVISORY AND COMPLIANCE-RELATED POLICIES, PROCEDURES AND PRACTICES.
<b>Sanction Details:</b>	\$50,000 IN CIVIL PENALTIES, \$152,969.14 IN RESTITUTION TO CLIENTS, \$15,000 TO STATE INVESTOR EDUCATION & PROTECTION FUND AND \$12,500 FOR COST OF INVESTIGATION.
<b>Firm Statement</b>	THE FIRM NEITHER ADMITS NOR DENIES THE ALLEGATIONS MADE BY THE DIVISION OF SECURITIES OF THE STATE OF MISSOURI BUT AGREES TO THE TERMS OF THE CONSENT ORDER.

#### Disclosure 13 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010(B) - THE FIRM FAILED TO ADOPT AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS RELATING TO PRIVATE OFFERINGS OF SECURITIES.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	11/13/2006
<b>Docket/Case Number:</b>	E042005001802
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED TYPE OF SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	




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

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

**Resolution Date:** 11/13/2006

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$15000.00.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(B) - THE FIRM FAILED TO ADOPT AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS RELATING TO PRIVATE OFFERINGS OF SECURITIES.

**Initiated By:** NASD

**Date Initiated:** 11/13/2006

**Docket/Case Number:** E0420050018-02

**Principal Product Type:** Other

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

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

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

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



**Resolution Date:** 11/13/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$15,000.00

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#### Disclosure 14 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** BERTHEL AND ITS AGENT INVESTED CLIENT MORE AGGRESSIVELY THAN SUITABLE. BERTHEL DID NOT PROPERLY SUPERVISE ITS AGENT.

**Initiated By:** NORTH DAKOTA

**Date Initiated:** 10/31/2006

**Docket/Case Number:**

**URL for Regulatory Action:**

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 10/31/2006

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

**Sanctions Ordered:** Monetary/Fine \$8,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** SIGNED CONSENT ORDER.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** STATE ALLEGES A REPRESENTATIVE OF THE DEALER ENGAGED IN UNSUITABLE TRADING REGARDING VARIABLE ANNUITIES. THE REPRESENTATIVE USED ADVERTISING THAT HAD NOT BEEN APPROVED BY THE DEALER. THE DEALER DID NOT PROPERLY SUPERVISE THE ACTIVITIES DESCRIBED ABOVE.

**Initiated By:** NORTH DAKOTA SECURITIES DEPARTMENT

**Date Initiated:** 09/21/2006

**Docket/Case Number:**

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 09/22/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$8,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$8,000.00 CIVIL PENALTY ASSESSED AGAINST THE FIRM AND TIMOTHY HAYDEN. THE PENALTY WAS PAID ON 09/22/2006 BY THE FIRM

**Firm Statement** THE RESPONDENTS NEITHER ADMIT NOR DENY THE FACTUAL DETERMINATIONS OF THE COMMISSIONER, AS SET FORTH IN THE FOREGOING CONSENT ORDER.

**Disclosure 15 of 27**

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** NASD CONDUCT RULES 3010(A), 2110 - BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC., ACTING THROUGH A REGISTERED OPTIONS PRINCIPAL, FAILED TO ADEQUATELY SUPERVISE A REGISTERED REPRESENTATIVE BY ALLOWING HIM TO RECOMMEND AND EXECUTE OPTIONS TRANSACTIONS WHEN HE KNEW OR SHOULD HAVE KNOWN THAT THESE TRANSACTIONS WERE UNSUITABLE FOR CUSTOMERS.

**Initiated By:** NASD

**Date Initiated:** 05/11/2005

**Docket/Case Number:** C04050017

**Principal Product Type:** Options

**Other Product Type(s):**

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

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

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

**Resolution Date:** 05/11/2005

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS FINED \$10,000, JOINTLY AND SEVERALLY.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 3010(A), 2110 - BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC., ACTING THROUGH A REGISTERED OPTIONS PRINCIPAL, FAILED TO ADEQUATELY SUPERVISE A REGISTERED REPRESENTATIVE BY ALLOWING HIM TO RECOMMEND AND EXECUTE OPTIONS TRANSACTIONS WHEN HE KNEW OR SHOULD HAVE KNOWN THAT THESE TRANSACTIONS WERE UNSUITABLE FOR CUSTOMERS.

**Initiated By:** NASD

**Date Initiated:** 05/11/2005



<b>Docket/Case Number:</b>	C04050017
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/11/2005
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS THEREFORE, THE FRIM IS FINED \$10,000, JOINTLY AND SERVERALLY.
<b>Firm Statement</b>	SHORTLY AFTER THE REGISTERED REP BECAME ASSOCIATED WITH BFCFS, THE FIRM PROHIBITED THE REP FROM RECOMMENDING CALENDAR SPREAD TRANSACTIONS (AN OPTIONS STRATEGY THE REP HAD APPARENTLY REOMMENDED TO SOME OF HIS CLIENTS). THE REP WAS VERBALLY ADVISED OF THIS PROHIBITIONS, AND ABIDED BY IT THEREAFTER. IN ITS CONFIRMING LETTER, HOWEVER, BFCFS INADVERTENTLY WROTE THAT THE REP WAS PROHIBITED FROM RECOMMENDING ANY OPTIONS TRANSACTIONS. IT WAS NEVER INTENDED THAT THE REP WOULD BE PROHIBITED FROM RECOMMENDING OPTIONS TRANSACTIONS OTHER THAN CALENDAR SPREADS.

#### Disclosure 16 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	A BRANCH OFFICE OF THE DEALER WASNOT PROPERLY SUPERVISED IN THAT IT DID NOT MANTIAN PROPER CORRESPONDENCE FILES OR ADVERTISING FILES. ADDITIONALLY THE FIRM DID NOT APPROVE CLIENT SUITABILITY DOCUMENTS BUT PERMITTED TRADES FOR CLIENTS BASED ON NON-APPROVED SUITABILITY DOCUMENTS. THE DEALER'S BRANCH MANAGER FAILED TO ACKNOWLEDGE THAT HE HAD ANY SUPERVISORY AUTHORITY OR RESPONSIBILITY WITH RESPECT TO THE BRANCH. DEALER AND AGENT DID NOT PROPERLY DISCLOSE REQUIRED ITEMS ON



THE CRD SYSTEM, INCLUDING A CUSTOMER COMPLAINT WHICH WAS OMITTED FROM THE AGENT'S U-4.

<b>Initiated By:</b>	NORTH DAKOTA
<b>Date Initiated:</b>	07/28/2004
<b>Docket/Case Number:</b>	
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	07/28/2004
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$20,000 CIVIL PENALTY ASSESSED AGAINST DEALER AND ITS AGENT, LAWERENCE WARREN.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	STATE ALLEGES A BRANCH OFFICE OF THE DEALER WASN'T PROPERLY SUPERVISED IN THAT IT DID NOT MAINTAIN PROPER CORRESPONDENCE FILES OR ADVERTISING FILES. ADDITIONALLY THE FIRM DID NOT APPROVE CLIENT SUTIABILITY DOCUMENTS BUT PERMITTED TRADES FOR CLIENTS BASED ON NON-APPROVED SUITABILITY DOCUMENTS. THE DEALER'S BRANCH MANAGER FAILED TO ACKNOWLEDGE THAT HE HAD ANY SUPERVISORY AUTHORITY OR RESPONSIBILITY WITH RESPECT TO THE BRANCH. DEALER AND AGENT DID NOT PROPERLY DISCLOSE REQUIRED ITEMS ON THE CRD SYSTEM, INCLUDING A CUSTOMER



COMPLAINT WHICH WAS OMITTED FROM THE AGENT'S U4.

**Initiated By:** NORTH DAKOTA SECURITIES DEPARTMENT

**Date Initiated:** 07/28/2004

**Docket/Case Number:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 07/28/2004

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

**Other Sanctions Ordered:**

**Sanction Details:** \$20,000.00 CIVIL PENALTY ASSESSED AGAINST THE FIRM AND LAWRENCE WARREN. THE PENALTY WAS PAID ON 07/22/2004 BY THE FIRM.

#### Disclosure 17 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE SUBJECT FIRM THROUGH AN AGENT SOLD AN UNSUITABLE VARIABLE ANNUITY PRODUCT TO NORTH DAKOTA RESIDENTS.

**Initiated By:** NORTH DAKOTA

**Date Initiated:** 10/20/2003

**Docket/Case Number:**

**URL for Regulatory Action:**

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 10/20/2003**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Monetary/Fine \$4,000.00**Other Sanctions Ordered:****Sanction Details:** \$4,000 CIVIL PENALTY ASSESSED.**Reporting Source:** Firm**Current Status:** Final**Allegations:** REGISTERED REPRESENTATIVE OF THE APPLICANT HAD A CLIENT ALLEGING THE SALE OF A VARIABLE ANNUITY WAS UNSUITABLE.**Initiated By:** NORTH DAKOTA SECURITIES DEPARTMENT**Date Initiated:** 04/29/2003**Docket/Case Number:****Principal Product Type:** Annuity(ies) - Variable**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)**Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 10/16/2003**Sanctions Ordered:** Monetary/Fine \$4,000.00**Other Sanctions Ordered:****Sanction Details:** \$4000.00 LEVIED AGAINST APPLICANT AND REPRESENTATIVE PAID ON





10/16/2003.

**Disclosure 18 of 27**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SUBJECT FIRM SOLD REITS AND EQUITY SECURITIES IN NORTH DAKOTA THROUGH AN AGENT WHO WAS NOT PROPERLY REGISTERED (HE HAD A SERIES 6 EXAM BUT NOT A SERIES 7 EXAM). THE AGENT APPARENTLY FALSIFIED CLIENT RECORDS SO THAT THE CLIENTS' ADDRESS WOULD BE RECORDED AS NORTH DAKOTA AND NOT MINNESOTA, IN AN APPARENT ATTEMPT TO AVOID THE PROBLEM THAT THE SUBJECT SECURITY WAS NOT REGISTERED IN MINNESOTA.
<b>Initiated By:</b>	NORTH DAKOTA
<b>Date Initiated:</b>	11/12/2003
<b>Docket/Case Number:</b>	
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/12/2003
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Monetary/Fine \$12,303.27
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$12,303.27 CIVIL PENALTY ASSESSED. FIRM REQUIRED TO REEVALUATE ITS SUPERVISORY PROCEDURES TO ENSURE THAT IT DOES NOT PAY COMMISSIONS TO PERSONS NOT QUALIFIED TO RECIEVE THEM.



**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF AGENT.  
**Initiated By:** NORTH DAKOTA SECURITIES COMMISSION  
**Date Initiated:** 12/06/2002  
**Docket/Case Number:**  
**Principal Product Type:** Other  
**Other Product Type(s):** REIT  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** MONETARY FINE  
**Resolution:** Consent  
**Resolution Date:** 10/14/2003  
**Sanctions Ordered:** Monetary/Fine \$12,303.27  
**Other Sanctions Ordered:**  
**Sanction Details:** SUBJECT SIGNED CONSENT TO ENTRY OF ORDER JULY 2003 AND PAID A FINE IN THE AMOUNT OF 12,303.27 ON OCTOBER 14, 2003.

#### Disclosure 19 of 27

**Reporting Source:** Regulator  
**Current Status:** Final  
**Appealed To and Date Appeal Filed:** N/A  
**Allegations:** THE COMMISSIONER HAS ADVISED BERTHEL FISHER & COMPANY (HEREINAFTER "RESPONDENT ") THAT HE IS PREPARED TO COMMENCE FORMAL ACTION PURSUANT TO MN STAT 45.027 SUB 7 (2002) AGAINST RESPONDENT'S SECURITIES BROKER-DEALER LICENSE BASED ON ALLEGATIONS THAT RESPONDENT: FAILED TO SUPERVISE PROPERLY THE ACTIVITIES OF THEIR AGENT IN VIOLATION OF MN RULE 2875.0910 SUB 3 (2001) WITH REFERENCE TO MN STAT 80A.07 SUB 1(10)(2002) AND ALLOWED AN AGENT TO EFFECT TRANSACTIONS IN SECURITIES FOR



WHICH HE WAS NOT LICENSED IN VIOLATION OF MN STAT 80A.04(2002).  
RESPONDENT AKNOWLEDGES THAT IT HAS BEEN ADVISED OF ITS RIGHTS  
TO A HEARING IN THIS MATTER ETC.,  
RESPONDENT FURTHER AKNOWLEDGES THAT IRT HAS BEEN  
REPRESENTED BY LEGAL COUNSEL/ RESPONDENT EXPRESSLY WAIVES  
THOSE RIGHTS. RESPONDENT AGREES TO INFORMAL DISPOSITION OF  
THIS MATTER WITHOUT A HEARING IN THIS MATTER AS PROVIDED UNDER  
MN STAT 14.59(2002) AND MN RULE 1400.5900(2001).

<b>Initiated By:</b>	MINNESOTA DEPT OF COMMERCE
<b>Date Initiated:</b>	07/01/2003
<b>Docket/Case Number:</b>	SE2301002/LMD
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/01/2003
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	IT IS HEREBY ORDERED THAT BERTHEL FISHER & COMPANY IS CENSURED. IT IS FURTHER ORDERED, THAT PURSUANT TO MN STAT 45.027, SUB 6 (2002) RESPONDENT SHALL PAY TO THE STAT OF MINNESOTA A CIVIL PENALTY OF \$10,000.00.
<b>Sanction Details:</b>	SEE ABOVE

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILED TO SUPERVISE PROPERLY THE ACTIVITIES OF AGENT.
<b>Initiated By:</b>	MINNESOTA DEPARTMENT OF COMMERCE
<b>Date Initiated:</b>	07/01/2003



**Docket/Case Number:** SE2301002/LMD

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 07/01/2003

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

**Other Sanctions Ordered:**

**Sanction Details:** CHECK PAID JUNE 13, 2003 IN THE AMOUNT OF \$10,000.00.  
SIGNED CONSENT TO ENTRY OF ORDER.  
NO PORTION WAS LEVIED AGAINST THE SUBJECT AND NO PORTION OF  
PENALTY WAS WAIVED.

#### Disclosure 20 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FAILURE TO DISCLOSE TWO CONSUMER INITIATED COMPLAINTS ON  
REGISTERED REPRESENTATIVE'S U4 FORM.

**Initiated By:** MISSOURI

**Date Initiated:** 02/21/2002

**Docket/Case Number:** AO-02-07

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent



**Resolution Date:** 02/21/2002

**Sanctions Ordered:** Monetary/Fine \$2,000.00

**Other Sanctions Ordered:** BERTHEL FISHER WILL AMEND REGISTERED REP'S U4 FORM DISCLOSING THE TWO CUSTOMER COMPLAINTS.

**Sanction Details:** BERTHEL FISHER WILL AMEND REGISTERED REP'S U4 FORM DISCLOSING THE TWO CUSTOMER COMPLAINTS AND PAY \$2000 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION FUND.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FAILURE TO DISCLOSE TWO CONSUMER INITIATED COMPLAINTS ON REGISTERED REPRESENTATIVES U4 FORMS

**Initiated By:** MISSOURI

**Date Initiated:** 02/21/2002

**Docket/Case Number:** AO-02-07

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 02/21/2002

**Sanctions Ordered:** Monetary/Fine \$2,000.00

**Other Sanctions Ordered:** BERTHEL FISHER WILL AMENDED REGISTERED REP'S U4 FORM DISCLOSING THE TWO CUSTOMER COMPLAINTS.

**Sanction Details:** BERTHEL FISHER AMENDED REGISTERED REP'S U4 FORM DISCLOSING THE TWO CUSTOMER COMPLAINTS AND PAID \$2000.00 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION FUND.

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#### Disclosure 21 of 27

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** UNSUITABLE TRANSACTIONS/FAILURE TO SUPERVISE

**Initiated By:** INDIANA SECURITIES DIVISION

**Date Initiated:** 08/28/2001

**Docket/Case Number:** CAUSE NO. 01-0190 SC

**URL for Regulatory Action:**

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

**Other Product Type(s):** UIT'S/PROMISSORY NOTES

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

**Other Sanction(s)/Relief Sought:** RESTITUTION/CIVIL PENALTY

**Resolution:** Consent

**Resolution Date:** 04/08/2001

**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** RESTITUTION WAS PROVIDED BY BERTHEL FISHER TO THE INVESTORS. THE COMPLAINT AND ORDER WERE DISMISSED FOLLOWING THE EXECUTION OF A CONSENT AGREEMENT.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEDGED APPLICANT FAILED TO SUPERVISE RR IN THE SALE OF SECURITIES IN INDIANA WHICH WERE UNSUITABLE.

**Initiated By:** STATE OF INDIANA SECURITIES DIVISION

**Date Initiated:** 08/28/2001

**Docket/Case Number:** 01-0190 SC

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

**Other Product Type(s):** UITS/ PROMISSORY NOTES

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



<b>Other Sanction(s)/Relief Sought:</b>	RESTITUTION/CIVIL PENALTY
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/08/2001
<b>Sanctions Ordered:</b>	Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESTITUTION WAS PROVIDED BY BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC TO THE INVESTORS. THE COMPLAINT AND ORDER WERE DISMISSED FOLLOWING THE EXECUTION OF A CONSENT AGREEMENT.
<b>Firm Statement</b>	SETTLEMENT AGREEMENT AND FULL RELEASE WERE SIGNED BETWEEN CLAIMANT AND RESPONDENT. SETTLEMENT CHECK WAS SENT ON APRIL 5, 2002.

#### Disclosure 22 of 27

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ACTING AS AN UNREGISTERED BROKER/DEALER.
<b>Initiated By:</b>	MARYLAND SECURITIES COMMISSION
<b>Date Initiated:</b>	02/26/1992
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	FINE \$500.00
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/26/1992
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT PAID ADMINISTRATIVE COSTS OF \$500.00.



THE COMPANY'S REGISTRATION WAS APPROVED THE DATE OF THE  
CONSENT ORDER.

#### Disclosure 23 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** (NASD RULES 2110 AND 3070(A) - RESPONDENT MEMBER FAILED TO REPORT WRITTEN CUSTOMER COMPLAINTS RECEIVED AND FAILED TO REPORT SPECIFIC DISCLOSURE EVENTS WITHIN THE REQUIRED 10 BUSINESS DAYS; AND, FAILED TO FILE AMENDED FORMS U-4 OR FORMS U-5 FOR THE INDIVIDUALS SUBJECT TO THE COMPLAINTS WITHIN 30 DAYS OF BECOMING AWARE OF THE FACTS OR CIRCUMSTANCES GIVING RISE TO A NEED FOR THE AMENDMENTS, IN CONTRAVENTION OF ARTICLE V, SECTIONS 2(C) AND 3(B) OF THE NASD BY-LAWS).

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

**Date Initiated:** 06/21/1999

**Docket/Case Number:** C04990026

**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:** 06/21/1999

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

**Other Sanctions Ordered:**

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

**Reporting Source:** Firm





<b>Current Status:</b>	Final
<b>Appealed To and Date Appeal Filed:</b>	N/A
<b>Allegations:</b>	APPLICANT FAILED TO REPORT VARIOUS WRITTEN CUSTOMER COMPLAINTS AS REQUIRED BY NASD CONDUCT RULE 3070 AND IN SOME OF THE INSTANCES ALSO FAILED TO FILE AMENDED FORM U-4S AND/OR U-5S FOR THE INDIVIDUALS SUBJECT TO THE COMPLAINT.
<b>Initiated By:</b>	NASD REGULATION, INC.
<b>Date Initiated:</b>	08/11/1998
<b>Docket/Case Number:</b>	CO4990026
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	FINE OF \$10,000 AND CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/26/1999
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	N/A
<b>Sanction Details:</b>	N/A
<b>Firm Statement</b>	AS A RESULT OF EXECUTION OF AN AWC, APPLICANT CONSENTED TO THE IMPOSITION OF A CENSURE AND A FINE OF \$10,000.00 BY THE NASD.

#### Disclosure 24 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	09/17/1998
<b>Docket/Case Number:</b>	C04980046



**Principal Product Type:**

**Other Product Type(s):**

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

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

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

**Resolution Date:** 09/17/1998

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON SEPTEMBER 17, 1998, DISTRICT NO. 4 NOTIFIED RESPONDENT BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C04980046 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED, FINED \$7,500, AND REQUIRED TO DEMONSTRATE WITHIN 90 DAYS FROM THE DATE OF THE ACCEPTANCE OF THIS AWC, TO THE SATISFACTION OF THE DISTRICT 4 OFFICE, THAT IT HAS ADEQUATELY REVISED ITS WRITTEN SUPERVISORY PROCEDURES AND SYSTEMS TO BETTER DEFINE PARAMETERS FOR CUSTOMER CONTACT FOR THE PURPOSE OF DETECTING AND PREVENTING RULE VIOLATIONS - (NASD RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO ADEQUATELY SUPERVISE CERTAIN ACTIVITIES OF REGISTERED REPRESENTATIVES TO ASSURE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS; FAILED TO CONTACT PUBLIC CUSTOMERS TO VERIFY CUSTOMER'S INVESTMENT INSTRUCTIONS AND APPROVAL OF ACCOUNT ACTIVITY IN LIGHT OF ALLEGATIONS CONCERNING UNAUTHORIZED TRADES; AND, HAD NO FORMAL SYSTEM OR PROCEDURE IN PLACE TO DETERMINE WHEN TO CONTACT CUSTOMERS AND WHO AT THE FIRM SHOULD MAKE CONTACT WITH CUSTOMERS).

\*\*\*\*\* \$7,500 PAID ON 11/16/98, INVOICE NO. 98-04-875 \*\*\*\*\*

**Reporting Source:** Firm

**Current Status:** Final



**Allegations:** ALLEGED THAT APPLICANT FAILED TO ADEQUATELY SUPERVISE TWO REGISTERED REPRESENTATIVES IN RELATION TO REG T EXTENSIONS AND ALLEGED UNAUTHORIZED TRADES OF CUSTOMERS.

**Initiated By:** NASDR

**Date Initiated:** 09/17/1998

**Docket/Case Number:** C04980046

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** EQUITIES-LISTED

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

**Other Sanction(s)/Relief Sought:** FINED \$7500.00

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

**Resolution Date:** 07/10/1998

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

**Other Sanctions Ordered:**

**Sanction Details:** APPLICANT HAS PAID THE \$7500.00 FINE.

#### Disclosure 25 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 02/08/1996

**Docket/Case Number:** C04950062

**Principal Product Type:**

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 02/08/1996**Sanctions Ordered:** Censure  
Monetary/Fine \$2,500.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

ON FEBRUARY 8, 1996, DISTRICT NO. 4 NOTIFIED BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC. AND RONALD ODIN BRENDENGEN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C04950062 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$2,500, JOINTLY AND SEVERALLY - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT BRENDENGEN, UTILIZED THE INSTRUMENTALITIES OF INTERSTATE COMMERCE TO CONDUCT A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ADEQUATE MINIMUM REQUIRED NET CAPITAL).

\*\*\$2,500.00 PAID J&S ON 02/27/96, INVOICE # 96-04-125\*\*

**Reporting Source:** Firm**Current Status:** Final**Allegations:** NASD ALLEDGED APPLICANT FAILED TO MAINTAIN ADEQUATE MINIMUM REQUIRED NET CAPITAL. APPLICANT HAS AGREED TO EXECUTE AN AWC WHICH IS SUBMITTED TO DISTRICT 4 DISTRICT BUSINESS CONDUCT COMMITTEE.**Initiated By:** NASD REGULATION, INC.**Date Initiated:** 12/15/1995**Docket/Case Number:** CO4950062**Principal Product Type:** No Product**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



**Other Sanction(s)/Relief Sought:** \$2,500 FINE

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

**Resolution Date:** 02/08/1996

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

**Other Sanctions Ordered:**

**Sanction Details:** \$2500.00 FINE (J&S) AND TAKE CORRECTIVE MEASURES WHICH APPLICANT AND MR BRENDENGEN HAVE INITIATED.

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#### Disclosure 26 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 09/30/1993

**Docket/Case Number:** C8A930062

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 02/15/1994

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** COMPLAINT NO. C8A930062 FILED SEPTEMBER 30, 1993 AGAINST BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC., GENE B. RUSSELL, AND THOMAS J. BERTHEL ALLEGING VIOLATIONS OF ARTICLE



III, SECTIONS 1, 2 AND 40 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT RUSSELL RECOMMENDED AND SOLD SECURITIES FOR THE ACCOUNTS OF A PUBLIC CUSTOMER WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH TRANSACTIONS WERE SUITABLE FOR THE CUSTOMER CONSIDERING THE CUSTOMER'S FINANCIAL SITUATION, NEEDS AND INVESTMENT OBJECTIVES; RECEIVED A \$800 PAYMENT FROM THE SAME CUSTOMER PURPORTEDLY TO REIMBURSE HIM FOR REREGISTERING SECURITIES INTO A LIVING TRUST FOR THE CUSTOMER, WHICH WAS NOT PERMITTED BY RESPONDENT MEMBER AND WAS NOT A FAIR AND REASONABLE CHARGE IN LIGHT OF ALL OF THE CIRCUMSTANCES INVOLVED IN THE REREGISTRATION OF THE SECURITIES; AND, RESPONDENT MEMBER, ACTING THROUGH RESPONDENT BERTHEL, RECEIVED WRITTEN NOTIFICATION OF A PRIVATE SECURITIES TRANSACTION INVOLVING THE SAME CUSTOMER BUT FAILED TO PROVIDE IN WRITING WHETHER RESPONDENT RUSSELL COULD PARTICIPATE IN SAID TRANSACTION, AND FAILED TO RECORD THE TRANSACTION ON RESPONDENT MEMBER'S BOOKS AND RECORDS.

ON FEBRUARY 15, 1994, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND BERTHEL WAS ACCEPTED; THEREFORE THEY ARE CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY. A SEPARATE DECISION WILL BE ISSUED AS TO RESPONDENT RUSSELL.

ON MARCH 11, 1994, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENT RUSSELL WAS ISSUED; THEREFORE, HE IS CENSURED, FINED \$9,000 AND REQUIRED TO REQUALIFY BY EXAMINATION AS A GENERAL SECURITIES REPRESENTATIVE WITHIN 90 DAYS OF THE DATE OF THIS DECISION OR CEASE ACTING IN SUCH CAPACITY UNTIL HE HAS SO REQUALIFIED.

\*\*\$5,000.00 J&S PAID ON 3/07/94, INVOICE #94-8A-151.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final



<b>Appealed To and Date Appeal Filed:</b>	N/A
<b>Allegations:</b>	UNSUITABLE INVESTMENTS, UNAUTHORIZED PRIVATE SECURITIES TRANSACTION.
<b>Initiated By:</b>	NASD REGULATION, INC.
<b>Date Initiated:</b>	09/30/1993
<b>Docket/Case Number:</b>	C8A930062
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	\$5,000 FINE
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/15/1994
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING THE ALLEGATIONS THE RESPONDENTS, JOINTLY AND SEVERALLY, PAID A FINE OF \$5000.00.

#### Disclosure 27 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	02/10/1992
<b>Docket/Case Number:</b>	C04920008
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	

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

**Resolution:** Consent  
**Resolution Date:** 06/22/1992  
**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

COMPLAINT NO. C04920008 FILED FEBRUARY 10, 1992 BY DISTRICT NO. 4 AGAINST RESPONDENTS BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC., THOMAS JOSEPH BERTHEL, ROBERT SCOTT MURRAY AND JAY BURTON SANET ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 4 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS BERTHEL, MURRAY AND SANET, CONTRAVENED THE NASD'S MARK-UP POLICY IN THAT IT CHARGED EXCESSIVE PRICES IN PRINCIPAL TRANSACTIONS.

DECISION RENDERED JUNE 22, 1992, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY THE RESPONDENTS WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$7,500; AND, THE OFFER OF SETTLEMENT IS TO ACT AS A LETTER OF CAUTION WITH RESPECT TO RESPONDENTS MURRAY AND SANET. THE COMPLAINT IS DISMISSED WITH REGARD TO RESPONDENT BERTHEL IN THAT HE HAD NO INVOLVEMENT IN THE METHODOLOGY USED TO CALCULATE THE MARK-UPS.

\*\*\$7,500.00 PAID ON 7/13/92 INVOICE #92-04-627\*\*

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**Reporting Source:** Firm  
**Current Status:** Final  
**Appealed To and Date Appeal Filed:** N/A  
**Allegations:** CONTRAVENING NASD MARK-UP POLICY.  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS  
**Date Initiated:** 02/10/1992  
**Docket/Case Number:** CO4920008





Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	FINE \$7,500
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	06/22/1992
Sanctions Ordered:	Censure Monetary/Fine \$7,500.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING THE ALLEGATIONS, RESPONDENT PAID A FINE OF \$7500.00



## 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 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	07/03/2003
<b>Case Number:</b>	03-04298
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$800,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	02/10/2005
<b>Sum of All Relief Awarded:</b>	\$548,361.01

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

### Disclosure 2 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED- NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/11/2004
<b>Case Number:</b>	04-03375
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES



**Sum of All Relief Requested:** \$203,846.17

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/22/2005

**Sum of All Relief Awarded:** \$30,300.00

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

#### Disclosure 3 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 05/26/2010

**Case Number:** 10-02369

**Disputed Product Type:**

**Sum of All Relief Requested:** \$494,078.17

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/24/2011

**Sum of All Relief Awarded:** \$20,000.00

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

#### Disclosure 4 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 07/29/2011



**Case Number:** 11-02606  
**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST  
**Sum of All Relief Requested:** \$1,524,750.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/03/2014  
**Sum of All Relief Awarded:** \$285,000.01

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

#### Disclosure 5 of 14

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 08/29/2013  
**Case Number:** 13-02079  
**Disputed Product Type:**  
**Sum of All Relief Requested:** \$318,843.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/23/2015  
**Sum of All Relief Awarded:** \$30,000.00

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

#### Disclosure 6 of 14

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-VIOLATE



OF BLUE SKY LWS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 02/11/2015

**Case Number:** 15-00297

**Disputed Product Type:** LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$242,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/14/2016

**Sum of All Relief Awarded:** \$125,300.00

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

#### Disclosure 7 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 12/30/2016

**Case Number:** 16-03759

**Disputed Product Type:** OPTIONS; PRIVATE EQUITIES

**Sum of All Relief Requested:** \$566,262.25

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/11/2018

**Sum of All Relief Awarded:** \$200,000.00

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



#### Disclosure 8 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	05/30/2017
<b>Case Number:</b>	17-01368
<b>Disputed Product Type:</b>	OTHER TYPES OF SECURITIES; REAL ESTATE INVESTMENT TRUST
<b>Sum of All Relief Requested:</b>	\$626,000.01
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	07/15/2019
<b>Sum of All Relief Awarded:</b>	\$1,131,115.03

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

#### Disclosure 9 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	06/25/2019
<b>Case Number:</b>	19-01803
<b>Disputed Product Type:</b>	
<b>Sum of All Relief Requested:</b>	\$1,500,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/02/2021
<b>Sum of All Relief Awarded:</b>	\$175,001.01



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

#### Disclosure 10 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	11/15/1993
<b>Case Number:</b>	93-04320
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST
<b>Sum of All Relief Requested:</b>	\$4,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/31/1994
<b>Sum of All Relief Awarded:</b>	\$1,000.00

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

#### Disclosure 11 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/04/1994
<b>Case Number:</b>	93-04321
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST
<b>Sum of All Relief Requested:</b>	\$4,000.00



**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/31/1994

**Sum of All Relief Awarded:** \$2,550.00

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

#### Disclosure 12 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 01/04/1994

**Case Number:** 93-04839

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$29,538.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/17/1994

**Sum of All Relief Awarded:** \$18,538.00

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

#### Disclosure 13 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 09/29/1995





**Case Number:** 95-04575  
**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$250,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/19/1996  
**Sum of All Relief Awarded:** \$33,000.00

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

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#### Disclosure 14 of 14

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 05/05/1997  
**Case Number:** 97-01924  
**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$8,975.27  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/15/1997  
**Sum of All Relief Awarded:** \$150.00

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



Civil Bond

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

Disclosure 1 of 1

Reporting Source:	Firm
Policy Holder:	BERTHEL FISHER & COMPANY FINANCIAL SERVICES, INC
Bonding Company Name:	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA.
Disposition:	Payout
Disposition Date:	12/05/1997
Payout Details:	DECEMBER 5, 1997/\$120,000
Firm Statement	PAYMENT WAS RESULT OF SETTLEMENT OF CIVIL COURT LITIGATION ALLEDGING REGISTERED REPRESENTATIVE ASSOCIATED WITH APPLICANT CREATED AND SOLD FRAUDULENT CERTIFICATES OF DEPOSIT.

**End of Report**



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