

## BrokerCheck Report

# SIGMA FINANCIAL CORPORATION

CRD# 14303

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

Please contact FINRA with any concerns.

## About BrokerCheck®

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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

• **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).



## SIGMA FINANCIAL CORPORATION

CRD# 14303

SEC# 8-30466

### Main Office Location

300 PARKLAND PLAZA  
ANN ARBOR, MI 48103-9508  
Regulated by FINRA Chicago Office

### Mailing Address

300 PARKLAND PLAZA  
ANN ARBOR, MI 48103-9508

### Business Telephone Number

734-663-1611

## 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 Michigan on 09/20/1983.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

**This firm is registered with:**

- the SEC
- 2 Self-Regulatory Organizations
- 53 U.S. states and territories

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

This firm conducts 8 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	15
Arbitration	11



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Michigan on 09/20/1983.

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.

### **SIGMA FINANCIAL CORPORATION**

**Doing business as SIGMA FINANCIAL CORPORATION**

**CRD#** 14303

**SEC#** 8-30466

### **Main Office Location**

300 PARKLAND PLAZA  
ANN ARBOR, MI 48103-9508

**Regulated by FINRA Chicago Office**

### **Mailing Address**

300 PARKLAND PLAZA  
ANN ARBOR, MI 48103-9508

### **Business Telephone Number**

734-663-1611



## 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):** THE JEROME S. RYDELL REVOCABLE LIVING TRUST DATED 12/21/1998, AS AMENDED AND RESTATED ON 10/23/2020

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

**Position** TRUST (OWNER OF ALL VOTING SHARES)

**Position Start Date** 01/2021

**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):** MCCLELLAN, JOHN ALEXANDER  
4016479

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

**Position** CHIEF RISK AND BUSINESS OFFICER

**Position Start Date** 04/2025

**Percentage of Ownership** Less than 5%

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

**Is this a public reporting company?**

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**Legal Name & CRD# (if any):** PHILLIPS, RICHARD THOMAS  
6041363

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 05/2024



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

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**Legal Name & CRD# (if any):** PISTOR, RANDOLPH FULVIO  
5143334

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

**Position** CHIEF LEGAL OFFICER

**Position Start Date** 04/2025

**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):** RYDELL, BRANDON DAVID  
2933397

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

**Position** PRESIDENT

**Position Start Date** 01/2008

**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):** RYDELL, JEROME STANLEY

## Firm Profile



### Direct Owners and Executive Officers (continued)

	408389
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CEO, CHAIRMAN AND TRUSTEE OF THE JEROME S. RYDELL REVOCABLE LIVING TRUST DATED 12/21/1998, AS AMENDED AND RESTATED ON 10/23/2020
<b>Position Start Date</b>	09/1983
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	WOOTON, RYAN DANIEL 8006797
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF FINANCIAL OFFICER
<b>Position Start Date</b>	03/2025
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

## Firm Profile

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



### Indirect Owners

Legal Name & CRD# (if any):	RYDELL, JEROME STANLEY 408389
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	THE JEROME S. RYDELL REVOCABLE LIVING TRUST DATED 12/21/1998, AS AMENDED AND RESTATED ON 10/23/2020
Relationship to Direct Owner	TRUSTEE
Relationship Established	12/1998
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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## Firm History

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

No information reported.





Firm Operations

Registrations

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

**This firm is currently registered with the SEC, 2 SROs and 53 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	10/24/1983

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer:    Yes

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

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	11/30/1983
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	12/10/1997
Alaska	Approved	12/11/1995
Arizona	Approved	10/14/1994
Arkansas	Approved	05/24/2001
California	Approved	01/07/1988
Colorado	Approved	06/29/1994
Connecticut	Approved	11/12/1996
Delaware	Approved	06/22/1994
District of Columbia	Approved	09/06/1997
Florida	Approved	02/02/1987
Georgia	Approved	11/02/1989
Hawaii	Approved	02/23/1999
Idaho	Approved	11/26/1997
Illinois	Approved	10/02/1991
Indiana	Approved	11/23/1993
Iowa	Approved	04/19/1996
Kansas	Approved	04/23/1996
Kentucky	Approved	04/04/1996
Louisiana	Approved	02/08/1996
Maine	Approved	02/19/2004
Maryland	Approved	10/21/1994
Massachusetts	Approved	08/10/1994
Michigan	Approved	11/08/1983
Minnesota	Approved	09/08/1993
Mississippi	Approved	05/31/1996
Missouri	Approved	03/20/1997
Montana	Approved	03/14/1996
Nebraska	Approved	11/13/1995
Nevada	Approved	07/25/1994
New Hampshire	Approved	07/31/1996
New Jersey	Approved	06/01/1994
New Mexico	Approved	09/27/1994
New York	Approved	10/19/1994

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	03/31/1992
North Dakota	Approved	03/22/1996
Ohio	Approved	01/16/1985
Oklahoma	Approved	09/01/1992
Oregon	Approved	01/14/1997
Pennsylvania	Approved	03/24/1994
Puerto Rico	Approved	02/01/2002
Rhode Island	Approved	11/19/1997
South Carolina	Approved	06/16/1994
South Dakota	Approved	11/26/1997
Tennessee	Approved	03/21/1996
Texas	Approved	06/27/1989
Utah	Approved	01/19/1994
Vermont	Approved	09/29/1997
Virgin Islands	Approved	07/05/2011
Virginia	Approved	12/08/1992
Washington	Approved	05/24/1996
West Virginia	Approved	04/18/1996
Wisconsin	Approved	09/26/1994
Wyoming	Approved	08/26/1996



## 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 8 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Mutual fund retailer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Private placements of securities
Other - SOLICITOR FEES

#### Other Types of Business

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

Non-Securities Business Description:

## 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.

<b>Name:</b>	NATIONAL FINANCIAL SERVICES LLC
<b>CRD #:</b>	13041
<b>Business Address:</b>	200 SEAPORT BLVD MAILZONE Z1N BOSTON, MA 02210
<b>Effective Date:</b>	09/13/2011
<b>Description:</b>	SIGMA FINANCIAL CORPORATION IS ENTERED INTO AN AGREEMENT WITH NATIONAL FINANCIAL TO MAINTAIN CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS.

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## Firm Operations

### Industry Arrangements



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

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

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

<b>Name:</b>	NATIONAL FINANCIAL SERVICES LLC
<b>CRD #:</b>	13041
<b>Business Address:</b>	200 SEAPORT BLVD MAILZONE Z1N BOSTON, MA 02210
<b>Effective Date:</b>	09/13/2011
<b>Description:</b>	NATIONAL FINANCIAL WILL PROVIDE CLEARING SERVICES ON A FULLY DISCLOSED BASIS.

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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.**

**PARKLAND SECURITIES, LLC is under common control with the firm.**

<b>CRD #:</b>	115368
<b>Business Address:</b>	300 PARKLAND PLAZA ANN ARBOR, MI 48103
<b>Effective Date:</b>	01/09/2002
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	JEROME S. RYDELL OWNS 100% OF THE COMMON STOCK OF SIGMA FINANCIAL CORPORATION, AND 99.9999% OF THE MEMBERSHIP INTERESTS OF PARKLAND SECURITIES, LLC.

**SPC is under common control with the firm.**

<b>CRD #:</b>	110692
<b>Business Address:</b>	300 PARKLAND PLAZA ANN ARBOR, MI 48103
<b>Effective Date:</b>	12/05/1983
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	JEROME RYDELL MAINTAINS CONTROL OF SIGMA PLANNING

## Firm Operations



### Organization Affiliates (continued)

CORPORATION, A SEC REGISTERED INVESTMENT ADVISOR.

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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	15	0
Arbitration	N/A	11	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 15

**Reporting Source:** Firm

**Current Status:** Final



<b>Allegations:</b>	RESPONDENT SIGMA FINANCIAL CORPORATION ("SIGMA") IS LICENSED AS AN AGENT PURSUANT TO SECTION 2103(A) OF THE NEW YORK INSURANCE LAW ("INSURANCE LAW"). THE NEW YORK DEPARTMENT OF FINANCIAL SERVICES (THE "DEPARTMENT") ALLEGED THAT SIGMA PROVIDED MATERIALLY INCORRECT INFORMATION WITHIN THE MEANING OF SECTION 2110(A)(2) OF THE INSURANCE LAW ON SIGMA'S ORIGINAL APPLICATION TO ACT AS A LIFE BROKER PURSUANT TO SECTION 2104(B)(1)(A) OF THE INSURANCE LAW, SUBMITTED TO THE DEPARTMENT ON OR ABOUT JULY 8, 2019, IN THAT SIGMA FAILED TO DISCLOSE THAT DURING THE APPROXIMATE PERIOD OF OCTOBER 5, 2001 TO NOVEMBER 15, 2019: (A) SIGMA AND JEROME RYDELL ("RYDELL"), THE OWNER AND PRESIDENT OF SIGMA, WERE NAMED IN AT LEAST 55 NASD AND FINRA ARBITRATION PROCEEDINGS INVOLVING ALLEGATIONS OF BREACH OF FIDUCIARY DUTY, FRAUD, OR MISREPRESENTATION; (B) SIGMA AND RYDELL WERE DEFENDANTS IN TWO CIVIL LITIGATIONS INVOLVING ALLEGATIONS OF BREACH OF FIDUCIARY DUTY, FRAUD, OR MISREPRESENTATION; (C) SIGMA WAS FINED A TOTAL OF 14 TIMES BY NASD/FINRA, FOUR STATE INSURANCE REGULATORS, AND ONE STATE SECURITIES REGULATOR; AND (D) SIGMA VIOLATED AN ORDER OF THE SUPERINTENDENT WITHIN THE MEANING OF SECTION 2110(A)(1) OF THE INSURANCE LAW IN THAT SIGMA VIOLATED THE CONDITIONS OF ITS AUGUST 27, 2009 STIPULATION WITH THE DEPARTMENT BY NOT TAKING THE NECESSARY STEPS TO PREVENT THE RECURRENCE OF VIOLATIONS OF SECTION 2110(A)(2) OF THE INSURANCE LAW.
<b>Initiated By:</b>	NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
<b>Date Initiated:</b>	09/30/2020
<b>Docket/Case Number:</b>	2020-0253-S
<b>Principal Product Type:</b>	Insurance
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY PENALTY AGREED TO IN STIPULATION
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	10/08/2020
<b>Firm Statement</b>	SIGMA SUBMITTED A PAPER APPLICATION FOR A NEW YORK LIFE BROKER'S LICENSE ("INITIAL APPLICATION") TO THE LICENSING BUREAU OF THE NEW YORK DEPARTMENT OF FINANCIAL SERVICES (THE "DEPARTMENT"). SIGMA'S MISTAKE IN THE INITIAL APPLICATION WAS AN



HONEST AND GOOD FAITH ERROR MADE BY ONE OF ITS EXPERIENCED AND WELL-SUPERVISED EMPLOYEES BASED ON HER REASONABLE AND JUSTIFIABLE MISUNDERSTANDING OF THE NECESSARY BACKGROUND DISCLOSURES REQUIRED FOR RENEWING LICENSES. MOST STATES PROCESS INSURANCE LICENSE RENEWALS ONLINE THROUGH THE NATIONAL INSURANCE PRODUCER REGISTRY ("NIPR"). HOWEVER, NEW YORK USES A PAPER APPLICATION. AN EMPLOYEE IN SIGMA'S LICENSING DEPARTMENT COMPLETED AND SUBMITTED SIGMA'S INITIAL APPLICATION. QUESTION #2 IN THE NIPR UNIFORM APPLICATION ASKS WHETHER THE FIRM HAS BEEN INVOLVED IN AN ADMINISTRATIVE PROCEEDING "WHICH HAS NOT BEEN PREVIOUSLY REPORTED TO THIS INSURANCE DEPARTMENT." BECAUSE ALL REQUIRED DISCLOSURES HAD ALREADY BEEN PREVIOUSLY REPORTED THROUGH THE NIPR ONLINE DATABASE OR THROUGH CRD, THE EMPLOYEE TYPICALLY ANSWERS THIS QUESTION "NO" (MEANING THERE ARE NO ADDITIONAL OR NEW DISCLOSURES TO BE MADE). SIMILAR BACKGROUND QUESTIONS ARE ASKED OF THE FIRM IN NEW YORK'S INITIAL APPLICATION, BUT NEW YORK'S PAPER APPLICATION DOES NOT INCLUDE THE SAME QUALIFYING LANGUAGE AS THAT OF THE NIPR APPLICATION (I.E., "WHICH HAS NOT BEEN PREVIOUSLY REPORTED"). THE EMPLOYEE INADVERTENTLY FAILED TO APPRECIATE THIS NUANCE, AND AS A RESULT, SHE MISTAKENLY ANSWERED "NO" TO QUESTIONS 9(B) AND 9(E) IN THE DEPARTMENT'S INITIAL APPLICATION. UPON A MORE CAREFUL RE-READING OF THE INITIAL APPLICATION, SIGMA NOW REALIZES THAT IT SHOULD HAVE ANSWERED "YES" TO QUESTIONS 9(B) AND 9(E) DESPITE THE FIRM'S PRIOR ACCURATE NIPR AND CRD DISCLOSURES. THE EMPLOYEE, THEREFORE, MADE AN HONEST AND GOOD FAITH MISTAKE BASED UPON THE EMPLOYEE'S GREATER FAMILIARITY WITH AND MORE FREQUENT USE OF NIPR'S ONLINE UNIFORM APPLICATION RENEWAL PROCESS. THERE WAS NO INTENT TO DECEIVE OR MISLEAD; SIGMA HAS PROPERLY MADE ALL REQUIRED DISCLOSURES THROUGH NIPR AND CRD, AND THOSE DISCLOSURES ARE FREELY AVAILABLE TO ALL STATES AND THE PUBLIC. NONETHELESS, SIGMA REGRETS THE INADVERTENT ERROR MADE, HAS ADMONISHED THE EMPLOYEE, PROVIDED ENHANCED TRAINING, AND TAKEN SUPERVISORY STEPS TO ENSURE THAT SUCH A MISTAKE IS NOT REPEATED IN THE FUTURE. ON SEPTEMBER 30, 2020, SIGMA SIGNED A STIPULATION (NO. 2020-0253-S) DRAFTED BY THE DEPARTMENT IN WHICH SIGMA AGREED TO THE IMPOSITION OF A FINANCIAL PENALTY OF \$2,500. THE STIPULATION WAS SIGNED BY THE DEPUTY SUPERINTENDENT AND SENIOR COUNSEL FOR INSURANCE ON OCTOBER 8, 2020, AND SIGMA HAS ALREADY PAID THE AGREED UPON PENALTY.

**Disclosure 2 of 15****Reporting Source:**

Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>ON FEBRUARY 27, 2019, SIGMA EXECUTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT (THE "AWC") TO THE ENTRY OF FINDINGS BY THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") IN CASE NUMBER 2016052300602.</p> <p>ON MAY 13, 2019, AFTER SIGMA HAD DISCLOSED THE AWC THROUGH THE NIPR SYSTEM, THE COMMISSIONER ALLEGED IN AN ACCUSATION THAT THE AWC CONSTITUTED SUFFICIENT GROUNDS FOR TAKING DISCIPLINARY ACTION AGAINST SIGMA UNDER SECTIONS 1668 AND 1738 OF THE CALIFORNIA INSURANCE CODE.</p>
<b>Initiated By:</b>	STATE OF CALIFORNIA DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	11/13/2019
<b>Docket/Case Number:</b>	PLBS 11990-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>	Order
<b>Resolution Date:</b>	11/15/2019
<b>Sanctions Ordered:</b>	Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	SOLELY FOR THE PURPOSE OF THIS PROCEEDING AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSIONER, AND WITHOUT ADMITTING OR DENYING THE COMMISSIONER'S FINDINGS, SIGMA AGREED TO THE ENTRY OF THE ORDER. UNDER THE TERMS OF THE ORDER, SIGMA IS REQUIRED TO PAY A MONETARY PENALTY IN THE AMOUNT OF \$20,000.00, AS WELL AS REIMBURSE THE COMMISSIONER FOR \$15,000.00 OF EXAMINATION COSTS.

#### Disclosure 3 of 15

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



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITIES LAWS, REGULATIONS, AND FINRA RULES APPLICABLE TO THE SALES OF LEVERAGED, INVERSE, AND INVERSE-LEVERAGED EXCHANGE-TRADED FUNDS (NON-TRADITIONAL ETFS). THE FINDINGS STATED THAT PRIOR TO RECEIVING AN EXAM REPORT FROM FINRA, NO WRITTEN MATERIALS WERE CREATED TO PROVIDE GUIDANCE TO REPRESENTATIVES ON DETERMINING THE SUITABILITY OF NON-TRADITIONAL ETF PRODUCTS. THE FIRM ALSO FAILED TO TRAIN ITS REPRESENTATIVES REGARDING THE UNIQUE RISKS AND FEATURES OF NON-TRADITIONAL ETFS. AS A RESULT, FIRM CUSTOMERS OFTEN HELD NON-TRADITIONAL ETF POSITIONS IN THEIR ACCOUNTS FOR EXTENDED PERIODS OF TIME. THESE EXTENDED HOLDING PERIODS DID NOT RAISE ANY ALERTS IN THE FIRM'S INTERNAL SUPERVISORY SYSTEM OR TRIGGER ANY ADDITIONAL SUPERVISORY REVIEW. THE FINDINGS ALSO STATED THAT THESE VIOLATIONS WERE AGGRAVATED BY THE FACT THAT THE FIRM REPRESENTED TO FINRA THAT IT WOULD IMPLEMENT SPECIFIC CORRECTIVE MEASURES TO CURE THE DEFICIENCIES, BUT FAILED TO IMPLEMENT THE MEASURES IN THE TIME-FRAME ANTICIPATED BY FINRA BASED ON THE FIRM'S REPRESENTATIONS.

**Initiated By:** FINRA

**Date Initiated:** 03/07/2019

**Docket/Case Number:** [2016052300602](#)

**Principal Product Type:** Other

**Other Product Type(s):** EXCHANGE TRADED FUNDS

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

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

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

**Resolution Date:** 03/07/2019

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

**Sanctions Ordered:** Censure



Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$100,000. FINES PAID IN FULL ON MARCH 20, 2019.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITIES LAWS, REGULATIONS, AND FINRA RULES APPLICABLE TO THE SALES OF LEVERAGED, INVERSE, AND INVERSE-LEVERAGED EXCHANGE-TRADED FUNDS (NON-TRADITIONAL ETFS). THE FINDINGS STATED THAT PRIOR TO RECEIVING AN EXAM REPORT FROM FINRA, NO WRITTEN MATERIALS WERE CREATED TO PROVIDE GUIDANCE TO REPRESENTATIVES ON DETERMINING THE SUITABILITY OF NON-TRADITIONAL ETF PRODUCTS. THE FIRM ALSO FAILED TO TRAIN ITS REPRESENTATIVES REGARDING THE UNIQUE RISKS AND FEATURES OF NON-TRADITIONAL ETFS. AS A RESULT, FIRM CUSTOMERS OFTEN HELD NON-TRADITIONAL ETF POSITIONS IN THEIR ACCOUNTS FOR EXTENDED PERIODS OF TIME. THESE EXTENDED HOLDING PERIODS DID NOT RAISE ANY ALERTS IN THE FIRM'S INTERNAL SUPERVISORY SYSTEM OR TRIGGER ANY ADDITIONAL SUPERVISORY REVIEW. THE FINDINGS ALSO STATED THAT THESE VIOLATIONS WERE AGGRAVATED BY THE FACT THAT THE FIRM REPRESENTED TO FINRA THAT IT WOULD IMPLEMENT SPECIFIC CORRECTIVE MEASURES TO CURE THE DEFICIENCIES, BUT FAILED TO IMPLEMENT THE MEASURES IN THE TIME-FRAME ANTICIPATED BY FINRA BASED ON THE FIRM'S REPRESENTATIONS.

**Initiated By:**

FINRA

**Date Initiated:**

03/07/2019

**Docket/Case Number:**

[2016052300602](#)

**Principal Product Type:**

Other

**Other Product Type(s):**

EXCHANGE TRADED FUNDS

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

Other

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



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

**Resolution Date:** 03/07/2019

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$100,000.

#### Disclosure 4 of 15

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN APRIL 2018, THE COMMISSIONER ALLEGED THAT SIGMA FAILED TO TIMELY NOTIFY THE COMMISSIONER OF SEVERAL CHANGES IN BACKGROUND INFORMATION, AS REQUIRED BY CALIFORNIA INSURANCE CODE SECTIONS 1729.2(A) AND 1729.2(D). THESE CHANGES IN BACKGROUND INFORMATION INVOLVE PAST DISCIPLINARY ACTIONS TAKEN AGAINST SIGMA, IN ITS CAPACITY AS A BROKER-DEALER AND NOT AS AN INSURANCE AGENCY, BY THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. ("FINRA").

**Initiated By:** STATE OF CALIFORNIA DEPARTMENT OF INSURANCE

**Date Initiated:** 12/04/2018

**Docket/Case Number:** PLBS 11990-A

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 12/13/2018

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

**Other Sanctions Ordered:**

**Sanction Details:** SOLELY FOR THE PURPOSE OF THIS PROCEEDING AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSIONER, AND WITHOUT ADMITTING OR DENYING THE COMMISSIONER'S FINDINGS,





SIGMA AGREED TO THE ENTRY OF THE ORDER. UNDER THE TERMS OF THE ORDER, SIGMA IS REQUIRED TO PAY A MONETARY PENALTY IN THE AMOUNT OF \$10,000.00, AS WELL AS REIMBURSE THE COMMISSIONER FOR \$10,000.00 OF EXAMINATION COSTS.

#### Disclosure 5 of 15

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN APRIL OF 2013, SIGMA FINANCIAL CORPORATION LICENSING ADMINISTRATION DEPARTMENT INADVERTENTLY FAILED TO MAKE REQUIRED DISCLOSURES ON STATE OF GEORGIA LIFE/ACCIDENT HEALTH LICENSE VIA THE NIPR DATABASE.
<b>Initiated By:</b>	STATE OF GEORGIA COMMISSIONER OF INSURANCE
<b>Date Initiated:</b>	07/29/2016
<b>Docket/Case Number:</b>	11013280
<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>	08/04/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF THE FINDINGS, THEREFORE THE FIRM IS FINED \$2000.00.

#### Disclosure 6 of 15

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO



IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$92,053.63. THE FIRM PROMPTLY PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES.

**Initiated By:** FINRA

**Date Initiated:** 08/01/2016

**Docket/Case Number:** [2014041839601](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 08/01/2016

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

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$100,000 AND REQUIRED TO PAY \$92,053.63, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. THE FIRM PAID FULL RESTITUTION, PLUS STATUTORILY CALCULATED INTEREST, AND PROVIDED PROOF OF PAYMENT TO FINRA. FINE PAID IN FULL ON AUGUST 10, 2016.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$92,053.63. THE FIRM PROMPTLY PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	08/01/2016
<b>Docket/Case Number:</b>	<a href="#">2014041839601</a>
<b>Principal Product Type:</b>	Unit Investment Trust(s)
<b>Other Product Type(s):</b>	
<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>	08/01/2016
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$100,000 AND REQUIRED TO PAY \$92,053.63, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. THE FIRM PAID FULL RESTITUTION, PLUS STATUTORILY CALCULATED INTEREST, AND PROVIDED PROOF OF PAYMENT TO FINRA.

#### Disclosure 7 of 15

**Reporting Source:** Regulator



<b>Current Status:</b>	Final
<b>Allegations:</b>	N/A
<b>Initiated By:</b>	FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	10/02/2015
<b>Docket/Case Number:</b>	58988-S
<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>	Order
<b>Resolution Date:</b>	10/02/2015
<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 \$12,001.00
<b>Other Sanctions Ordered:</b>	N/A
<b>Sanction Details:</b>	10/2/2015 - \$12,001 ADMINISTRATIVE FINE PAID IN FULL.
<b>Regulator Statement</b>	ON OCTOBER 2, 2015, THE OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF SIGMA FINANCIAL CORPORATION. SIGMA FINANCIAL CORPORATION NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT SIGMA FINANCIAL CORPORATION ENGAGED IN PROHIBITED BUSINESS PRACTICES BY FAILING TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WHEN THEY APPROVED MR. DARWISH'S SEMINAR PRESENTATION MATERIALS. SIGMA FINANCIAL CORPORATION AGREED TO PAY AN ADMINISTRATIVE FINE OF \$12,001 JOINTLY AND SEVERALLY WITH JEFFREY DARWISH.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM'S SYSTEM FOR REVIEWING THE PRESENTATIONS AND SPECIFICALLY THE USE OF PROFESSIONAL DESIGNATIONS OF ITS REPRESENTATIVES WAS NOT PROPERLY SUPERVISED. SIGMA VIOLATED RULE 69W-600.013(1)(H)1., FLORIDA ADMINISTRATIVE CODE, AND FINRA RULE 3110(B)(1) BY FAILING TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHEN IT APPROVED A REGISTERED REPRESENTATIVE'S USE OF EXPIRED DESIGNATIONS AND A TERMINATED REGISTRATION ON PRESENTATION MATERIALS DISSEMINATED TO THE PUBLIC THROUGH SEMINARS CONDUCTED BY ITS REGISTERED REPRESENTATIVE DURING THE RELEVANT PERIOD.
<b>Initiated By:</b>	STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	09/30/2015
<b>Docket/Case Number:</b>	58988-S
<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>	Stipulation and Consent
<b>Resolution Date:</b>	09/30/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$12,001.00
<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 THE FINDINGS, THEREFORE THE FIRM IS FINED \$12,001.00.

#### Disclosure 8 of 15

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ITS RELIANCE UPON AN ENTITY TO REMOTELY CONDUCT ALL SUPERVISORY AND COMPLIANCE FUNCTIONS FOR THE FIRM'S INDEPENDENT CONTRACTOR-OPERATED BRANCH OFFICES WAS NOT REASONABLE. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING THE EMAILS OF ITS REPRESENTATIVES WAS NOT REASONABLY DESIGNED. THE LIMITATIONS OF THE FIRM'S PROCEDURE RESULTED IN INADEQUATE SUPERVISION OF EMAIL COMMUNICATIONS. THE FIRM FAILED TO CONDUCT TIMELY INSPECTIONS OF TWO OF ITS BRANCH OFFICES. THE FIRM'S RELIANCE UPON ITS EMAIL REVIEW AND BRANCH OFFICE INSPECTION SYSTEMS AS CONTROLS TO ENSURE THE REPORTING OF CUSTOMER COMPLAINTS WAS NOT REASONABLE. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ADEQUATELY SUPERVISE ITS REPRESENTATIVES' CREATION AND USE OF CONSOLIDATED STATEMENTS. ONCE A REPRESENTATIVE WAS APPROVED TO USE A TEMPLATE, NO FURTHER REVIEW OR SUPERVISION OCCURRED UNLESS THE REPRESENTATIVE SUBMITTED ANOTHER TEMPLATE. THE FIRM DID NOT RECEIVE OR REVIEW THE STATEMENTS SHARED WITH THE CUSTOMERS. DESPITE THE UNIQUE NATURE OF AN OUTSIDE ENTITY'S BUSINESS, OF WHICH SOME REPRESENTATIVES WERE ALSO EMPLOYEES, THE FIRM DID NOT IMPLEMENT AN ADEQUATE SYSTEM OF SUPERVISION FOR ITS REPRESENTATIVES TAILORED TO THEIR ACTIVITIES WITH THE OUTSIDE ENTITY. THE FIRM FAILED TO MONITOR THE OUTSIDE ENTITY'S FINANCIAL STATEMENTS, OR ANY EXPENSE, GIFT, OR GRATUITY LOGS FOR POTENTIAL ISSUES OF INFLUENCE. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT ADDRESS THE ENTITY'S WHOLESALING BUSINESS OR THE SUPERVISION OF THE REPRESENTATIVES PARTICIPATING IN THE WHOLESALING ACTIVITIES. ALTHOUGH THE FIRM REQUIRED REPRESENTATIVES TO NOTIFY THEIR PRINCIPALS IF THEY MADE CHANGES TO THEIR WEBSITES, THE FIRM DID NOT CONDUCT ADEQUATE SUPERVISION OF THOSE NON-PREFERRED VENDOR WEBSITES TO ENSURE THAT REPRESENTATIVES WERE ACTUALLY MAKING THE REQUIRED NOTIFICATIONS. THE FIRM'S WSPS DID NOT ADDRESS THE ON-GOING SUPERVISION OF WEBSITES. THE FIRM ALLOWED ITS REPRESENTATIVES TO HOLD SECURITIES INVESTMENT ACCOUNTS THROUGH OTHER FINRA MEMBER FIRMS. ALTHOUGH THE FIRM RECEIVED DUPLICATE STATEMENTS OF ITS REPRESENTATIVES' OUTSIDE ACCOUNTS, IT FAILED TO IMPLEMENT A SUPERVISORY SYSTEM TO REVIEW THOSE ACCOUNTS FOR POTENTIALLY PROBLEMATIC ACTIVITY. THE FIRM'S WSPS DID NOT ADDRESS THE MONITORING OF ACCOUNT ACTIVITY IN REPRESENTATIVE ACCOUNTS HELD AT OTHER MEMBER FIRMS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO CONDUCT ANY INDEPENDENT DUE DILIGENCE FOR THE STRUCTURED PRODUCTS RECOMMENDED TO CUSTOMERS. THE FIRM'S FAILED TO IMPLEMENT AND MAINTAIN WSPS AND A SUPERVISORY SYSTEM FOR EVALUATING WHETHER THESE STRUCTURED PRODUCTS WERE



APPROPRIATE FOR ITS CUSTOMERS. WHEN A CUSTOMER SOLD A VARIABLE ANNUITY AND PURCHASED A FIXED ANNUITY, NEITHER TRANSACTION WAS RECORDED ON THE FIRM'S BOOKS AND RECORDS, AND NO SUPERVISORY REVIEW OF THE VARIABLE-TO-FIXED ANNUITY TRANSACTION'S SUITABILITY WAS CONDUCTED. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO SUPERVISE THIS COMPONENT OF ITS BUSINESS AND ITS WSPS FAILED TO ADEQUATELY ADDRESS THE SPECIFIC REQUIREMENTS FOR SUPERVISORS TO ASSESS THE SUITABILITY OF SUCH TRANSACTIONS. THE FIRM FAILED TO TAKE ANY MEANINGFUL STEPS TO IMPLEMENT OR OTHERWISE COMPLY WITH FINRA RULE 2111 BY THE EFFECTIVE DATE. FINRA FOUND THAT THE FIRM FAILED TO MAINTAIN OR ENFORCE AN ADEQUATE SUPERVISORY SYSTEM TO MONITOR FOR CUSTOMER CHANGES OF ADDRESS AS REQUIRED BY ITS WSPS AND DID NOT REVIEW FOR ADDRESS CHANGES WHEN CONDUCTING BRANCH INSPECTIONS. THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM FOR THE PROTECTION OF CONFIDENTIAL CUSTOMER INFORMATION ON ELECTRONIC DEVICES. FINRA ALSO FOUND THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM CONCERNING THE EXECUTION OF TRADES AT BRANCH OFFICES, EVEN THOUGH THE LOCATIONS WERE NOT PROPERLY REGISTERED AS OFFICES OF SUPERVISORY JURISDICTION.

**Initiated By:** FINRA

**Date Initiated:** 10/02/2014

**Docket/Case Number:** [2012032595501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/02/2014

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



**Sanctions Ordered:** Censure  
Monetary/Fine \$185,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$185,000. FINE PAID IN FULL ON OCTOBER 10, 2014.

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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 ITS RELIANCE UPON AN ENTITY TO REMOTELY CONDUCT ALL SUPERVISORY AND COMPLIANCE FUNCTIONS FOR THE FIRM'S INDEPENDENT CONTRACTOR-OPERATED BRANCH OFFICES WAS NOT REASONABLE. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING THE EMAILS OF ITS REPRESENTATIVES WAS NOT REASONABLY DESIGNED. THE LIMITATIONS OF THE FIRM'S PROCEDURE RESULTED IN INADEQUATE SUPERVISION OF EMAIL COMMUNICATIONS. THE FIRM FAILED TO CONDUCT TIMELY INSPECTIONS OF TWO OF ITS BRANCH OFFICES. THE FIRM'S RELIANCE UPON ITS EMAIL REVIEW AND BRANCH OFFICE INSPECTION SYSTEMS AS CONTROLS TO ENSURE THE REPORTING OF CUSTOMER COMPLAINTS WAS NOT REASONABLE. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ADEQUATELY SUPERVISE ITS REPRESENTATIVES' CREATION AND USE OF CONSOLIDATED STATEMENTS. ONCE A REPRESENTATIVE WAS APPROVED TO USE A TEMPLATE, NO FURTHER REVIEW OR SUPERVISION OCCURRED UNLESS THE REPRESENTATIVE SUBMITTED ANOTHER TEMPLATE. THE FIRM DID NOT RECEIVE OR REVIEW THE STATEMENTS SHARED WITH THE CUSTOMERS. DESPITE THE UNIQUE NATURE OF AN OUTSIDE ENTITY'S BUSINESS, OF WHICH SOME REPRESENTATIVES WERE ALSO EMPLOYEES, THE FIRM DID NOT IMPLEMENT AN ADEQUATE SYSTEM OF SUPERVISION FOR ITS REPRESENTATIVES TAILORED TO THEIR ACTIVITIES WITH THE OUTSIDE ENTITY. THE FIRM FAILED TO MONITOR THE OUTSIDE ENTITY'S FINANCIAL STATEMENTS, OR ANY EXPENSE, GIFT, OR GRATUITY LOGS FOR POTENTIAL ISSUES OF INFLUENCE. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT ADDRESS THE ENTITY'S WHOLESALING BUSINESS OR THE SUPERVISION OF THE REPRESENTATIVES PARTICIPATING IN THE WHOLESALING ACTIVITIES. ALTHOUGH THE FIRM REQUIRED REPRESENTATIVES TO NOTIFY THEIR PRINCIPALS IF THEY MADE CHANGES TO THEIR WEBSITES, THE FIRM DID NOT CONDUCT ADEQUATE SUPERVISION OF THOSE NON-PREFERRED VENDOR WEBSITES TO ENSURE THAT REPRESENTATIVES WERE ACTUALLY MAKING THE REQUIRED NOTIFICATIONS. THE FIRM'S WSPS DID NOT ADDRESS THE ON-GOING SUPERVISION OF WEBSITES. THE FIRM





ALLOWED ITS REPRESENTATIVES TO HOLD SECURITIES INVESTMENT ACCOUNTS THROUGH OTHER FINRA MEMBER FIRMS. ALTHOUGH THE FIRM RECEIVED DUPLICATE STATEMENTS OF ITS REPRESENTATIVES' OUTSIDE ACCOUNTS, IT FAILED TO IMPLEMENT A SUPERVISORY SYSTEM TO REVIEW THOSE ACCOUNTS FOR POTENTIALLY PROBLEMATIC ACTIVITY. THE FIRM'S WSPS DID NOT ADDRESS THE MONITORING OF ACCOUNT ACTIVITY IN REPRESENTATIVE ACCOUNTS HELD AT OTHER MEMBER FIRMS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO CONDUCT ANY INDEPENDENT DUE DILIGENCE FOR THE STRUCTURED PRODUCTS RECOMMENDED TO CUSTOMERS. THE FIRM'S FAILED TO IMPLEMENT AND MAINTAIN WSPS AND A SUPERVISORY SYSTEM FOR EVALUATING WHETHER THESE STRUCTURED PRODUCTS WERE APPROPRIATE FOR ITS CUSTOMERS. WHEN A CUSTOMER SOLD A VARIABLE ANNUITY AND PURCHASED A FIXED ANNUITY, NEITHER TRANSACTION WAS RECORDED ON THE FIRM'S BOOKS AND RECORDS, AND NO SUPERVISORY REVIEW OF THE VARIABLE-TO-FIXED ANNUITY TRANSACTION'S SUITABILITY WAS CONDUCTED. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO SUPERVISE THIS COMPONENT OF ITS BUSINESS AND ITS WSPS FAILED TO ADEQUATELY ADDRESS THE SPECIFIC REQUIREMENTS FOR SUPERVISORS TO ASSESS THE SUITABILITY OF SUCH TRANSACTIONS. THE FIRM FAILED TO TAKE ANY MEANINGFUL STEPS TO IMPLEMENT OR OTHERWISE COMPLY WITH FINRA RULE 2111 BY THE EFFECTIVE DATE. FINRA FOUND THAT THE FIRM FAILED TO MAINTAIN OR ENFORCE AN ADEQUATE SUPERVISORY SYSTEM TO MONITOR FOR CUSTOMER CHANGES OF ADDRESS AS REQUIRED BY ITS WSPS AND DID NOT REVIEW FOR ADDRESS CHANGES WHEN CONDUCTING BRANCH INSPECTIONS. THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM FOR THE PROTECTION OF CONFIDENTIAL CUSTOMER INFORMATION ON ELECTRONIC DEVICES. FINRA ALSO FOUND THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM CONCERNING THE EXECUTION OF TRADES AT BRANCH OFFICES, EVEN THOUGH THE LOCATIONS WERE NOT PROPERLY REGISTERED AS OFFICES OF SUPERVISORY JURISDICTION.

**Initiated By:** FINRA

**Date Initiated:** 10/02/2014

**Docket/Case Number:** [2012032595501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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


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

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

**Resolution Date:** 10/09/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$185,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$185,000.

**Disclosure 9 of 15**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 2420: THE FIRM IMPROPERLY PAID TRANSACTION BASED COMPENSATION TO NON-REGISTERED "DOING BUSINESS AS" (DBA) ENTITIES OWNED BY CERTAIN OF ITS REGISTERED REPRESENTATIVES, RATHER THAN PAYING COMPENSATION, COMMISSIONS, CONCESSIONS OR FEES DIRECTLY TO THE REGISTERED REPRESENTATIVES WHO EFFECTED THE SECURITIES TRANSACTIONS. A NUMBER OF THE FIRM'S REGISTERED REPRESENTATIVES CONDUCTED BUSINESS THROUGH ENTITIES THAT THEY INDEPENDENTLY OWNED AND/OR CONTROLLED. THESE REPRESENTATIVES CONDUCTED THEIR BUSINESS USING DBA NAMES. THE RELEVANT DBA ENTITIES WERE NOT REGISTERED WITH FINRA. THE FIRM PAID TRANSACTION BASED COMPENSATION TOTALING \$11,406,377 TO 101 NON-REGISTERED DBA ENTITIES OVER THE APPROXIMATE TWO YEAR PERIOD.

**Initiated By:** FINRA

**Date Initiated:** 04/17/2013

**Docket/Case Number:** [2011025858301](#)

**Principal Product Type:** Other

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

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

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



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

**Resolution Date:** 04/17/2013

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$15,000. FINE PAID MAY 3, 2013.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 2420: THE FIRM IMPROPERLY PAID TRANSACTION BASED COMPENSATION TO NON-REGISTERED "DOING BUSINESS AS" (DBA) ENTITIES OWNED BY CERTAIN OF ITS REGISTERED REPRESENTATIVES, RATHER THAN PAYING COMPENSATION, COMMISSIONS, CONCESSIONS OR FEES DIRECTLY TO THE REGISTERED REPRESENTATIVES WHO EFFECTED THE SECURITIES TRANSACTIONS. A NUMBER OF THE FIRM'S REGISTERED REPRESENTATIVES CONDUCTED BUSINESS THROUGH ENTITIES THAT THEY INDEPENDENTLY OWNED AND/OR CONTROLLED. THESE REPRESENTATIVES CONDUCTED THEIR BUSINESS USING DBA NAMES. THE RELEVANT DBA ENTITIES WERE NOT REGISTERED WITH FINRA. THE FIRM PAID TRANSACTION BASED COMPENSATION TOTALING \$11,406,377 TO 101 NON-REGISTERED DBA ENTITIES OVER THE APPROXIMATE TWO YEAR PERIOD.

**Initiated By:** FINRA

**Date Initiated:** 04/17/2013

**Docket/Case Number:** [2011025858301](#)

**Principal Product Type:** Other

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



<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>	04/17/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$15,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$15,000.

#### Disclosure 10 of 15

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN 2006, SIGMA FINANCIAL CORPORATION LICENSING ADMINISTRATION DEPARTMENT INADVERTENTLY FAILED TO MAKE REQUIRED DISCLOSURES ON STATE OF LOUISIANA LIFE/ACCIDENT HEALTH APPLICATION.
<b>Initiated By:</b>	STATE OF LOUISIANA DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	01/12/2010
<b>Docket/Case Number:</b>	N/A LA-9999
<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>	Settled
<b>Resolution Date:</b>	01/13/2010
<b>Sanctions Ordered:</b>	Monetary/Fine \$3,000.00
<b>Other Sanctions Ordered:</b>	



**Sanction Details:** THE TOTAL AMOUNT OF THIS FINE WAS \$3,000.00 AGAINST THE APPLICANT, SIGMA FINANCIAL CORPORATION. THIS FINE WAS PAID ON JANUARY 13, 2010 AND NO PORTION OF THE PENALTY WAS WAIVED.

#### Disclosure 11 of 15

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MARCH 9, 2009, SIGMA FINANCIAL CORPORATION LICENSING ADMINISTRATION DEPARTMENT INADVERTENTLY FAILED TO MAKE REQUIRED DISCLOSURES ON STATE OF NEW YORK LIFE/ACCIDENT HEALTH APPLICATION.

**Initiated By:** STATE OF NEW YORK INSURANCE DEPARTMENT

**Date Initiated:** 06/15/2009

**Docket/Case Number:** CSB-646229

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Stipulation and Consent

**Resolution Date:** 08/31/2009

**Sanctions Ordered:** Monetary/Fine \$8,250.00

**Other Sanctions Ordered:**

**Sanction Details:** THE TOTAL AMOUNT OF THIS FINE WAS \$8,250 AGAINST THE APPLICANT, SIGMA FINANCIAL CORPORATION. THIS FINE WAS PAID ON SEPTEMBER 13, 2009 AND NO PORTION OF THE PENALTY WAS WAIVED.

#### Disclosure 12 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULE 2110 - FINRA CONDUCTED A BREAKPOINT SELF-ASSESSMENT REVIEW OF SIGMA FINANCIAL CORPORATION TO VERIFY COMPLIANCE WITH THE INSTRUCTIONS FOR THE SELF-ASSESSMENT OF BREAKPOINT



COMPLIANCE FOR FIRMS THAT CHARGE FRONT-END LOADS AND THE SUBSEQUENT TRADE-BY-TRADE REVIEW. BASED ON ITS SUBMITTED SELF-ASSESSMENT REPORTS, FINRA HAD DIRECTED SIGMA FINANCIAL TO COMPLETE A COMPREHENSIVE REVIEW OF TRANSACTIONS FOR POSSIBLE MISSED BREAKPOINTS. FINRA FOUND THAT THE FIRM FAILED TO ACCURATELY COMPLETE THE TRADE-BY-TRADE REVIEW.

**Initiated By:** FINRA

**Date Initiated:** 03/23/2009

**Docket/Case Number:** [2005001510801](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 03/23/2009

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$50,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULE 2110 - FINRA CONDUCTED A BREAKPOINT SELF-ASSESSMENT REVIEW OF SIGMA FINANCIAL CORPORATION TO VERIFY COMPLIANCE WITH THE INSTRUCTIONS FOR THE SELF-ASSESSMENT OF BREAKPOINT COMPLIANCE FOR FIRMS THAT CHARGE FRONT-END LOADS AND THE



SUBSEQUENT TRADE-BY-TRADE REVIEW. BASED ON ITS SUBMITTED SELF-ASSESSMENT REPORTS, FINRA HAD DIRECTED SIGMA FINANCIAL TO COMPLETE A COMPREHENSIVE REVIEW OF TRANSACTIONS FOR POSSIBLE MISSED BREAKPOINTS. FINRA FOUND THAT THE FIRM FAILED TO ACCURATELY COMPLETE THE TRADE-BY-TRADE REVIEW.

**Initiated By:** FINRA

**Date Initiated:** 03/23/2009

**Docket/Case Number:** [2005001510801](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 03/23/2009

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$50,000

#### Disclosure 13 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 6230(A), 6230(C)(8) - SIGMA FINANCIAL CORPORATION FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF EXECUTION. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING TRACE REPORTING.



**Initiated By:** FINRA

**Date Initiated:** 01/29/2008

**Docket/Case Number:** [2006006160601](#)

**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:** 01/29/2008

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

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRACE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 6230(A), 6230(C)(8) - SIGMA FINANCIAL CORPORATION FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF EXECUTION. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION





REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING TRACE REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 01/29/2008

**Docket/Case Number:** 20060061606-01

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 01/29/2008

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRACE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

#### Disclosure 14 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTION 5 OF THE SECURITIES ACT OF 1933 AND NASD RULES 2110 AND 3010 - RESPONDENT FIRM ENGAGED IN THE OFFERING OF SECURITIES THAT WERE NOT REGISTERED WITH THE SEC. THE FINDINGS STATED THAT THE FIRM FAILED TO ADEQUATELY AND PROPERLY MAINTAIN A REASONABLE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES TO REQUIRE INVESTORS SOLICITED THROUGH ADVERTISEMENT, WORKSHOPS OR THE WEBSITE WERE NOT OFFERED SECURITIES THAT THE MEMBER WAS CURRENTLY OFFERING OR CONTEMPLATING OFFERING AT THE TIME OF THE INITIAL CONTACT.



**Initiated By:** NASD

**Date Initiated:** 04/09/2007

**Docket/Case Number:** [E8A2005026301](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 04/09/2007

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, SIGMA FINANCIAL CORPORATION, CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS CENSURED AND FINED \$20,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE MEMBER WAS OFFERING SECURITIES EXEMPT FROM REGISTRATION PURSUANT TO REG D AT THE TIME OF A GENERAL SOLICITATION.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 01/04/2007

**Docket/Case Number:** [E8A2005026301](#)

**Principal Product Type:** Other



**Other Product Type(s):** TENANT IN COMMON

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

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

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

**Resolution Date:** 04/09/2007

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

**Other Sanctions Ordered:**

**Sanction Details:** MEMBER WAS CENSURED AND FINED \$20,000.00.

#### Disclosure 15 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 10101, 10301, IM-10100, 2110 - RESPONDENT MEMBER ACTING THROUGH AN EMPLOYEE, FILED A PLEADING TO VACATE A \$251,451 ARBITRATION AWARD ISSUED AGAINST THEM BY NASD AND FILED A LAWSUIT AGAINST THE CUSTOMERS FOR DAMAGES NOTWITHSTANDING THE LANGUAGE IN ITS OWN NEW ACCOUNT APPLICATION STATING THAT THE PARTIES WERE WAIVING THEIR RIGHT TO A JURY TRIAL, THE COURT CONFIRMED THE AWARD IN FAVOR OF THE CUSTOMERS, FOUND THE LAWSUIT TO BE FRIVOLOUS AND DISMISSED IT, AND FINED SIGMA \$500; REFUSED TO PAY THE ARBITRATION AWARD AND FILED NUMEROUS MOTIONS AND PAPERS IN THE VACATUR MATTER AND THE LAWSUIT WHICH CAUSED THE CUSTOMERS TO INCURR SUBSTANTIAL ATTORNEYS' FEES, THE COURT ENTERED AN ORDER FINDING RESPONDENTS TO HAVE ACTED IN BAD FAITH AND REQUIRED RESPONDENTS TO OBTAIN PRIOR PERMISSION FROM THE COURT BEFORE IT FILED ANY ADDITIONAL PAPERS IN THE MATTER.

**Initiated By:** NASD

**Date Initiated:** 12/22/2003

**Docket/Case Number:** C8A030100

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief**

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision & Order of Offer of Settlement**Resolution Date:** 12/09/2004**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure  
Monetary/Fine \$135,000.00**Other Sanctions Ordered:** ENTERED INTO A SETTLEMENT AGREEMENT WITH PUBLIC CUSTOMERS IN THE AMOUNT OF \$110,000 IN A MICHIGAN COURT LITIGATION. RESPONDENT MEMBER'S CHIEF EXECUTIVE OFFICERS SHALL CERTIFY ANNUALLY, IN WRITING, THAT THE FIRM HAS FULLY COMPLIED WITH EACH PROVISION OF THE NASD CODE OF ARBITRATION PROCEDURE IN CONNECTION WITH ANY LEGAL DISPUTE OR CONTROVERSY WITH A PUBLIC CUSTOMER AND SHALL NOTIFY NASD PRIOR TO INSTITUTING ANY PROCEEDINGS IN FEDERAL OR STATE COURT AGAINST ANY EXISTING OR FORMER PUBLIC CUSTOMER FOR 2 YEARS.**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$135,000, JOINTLY AND SEVERALLY; AND THE ENTERED INTO A SETTLEMENT AGREEMENT WITH PUBLIC CUSTOMERS IN THE AMOUNT OF \$110,000 IN A MICHIGAN COURT LITIGATION. RESPONDENT MEMBER'S CHIEF EXECUTIVE OFFICERS SHALL CERTIFY ANNUALLY, IN WRITING, THAT THE FIRM HAS FULLY COMPLIED WITH EACH PROVISION OF THE NASD CODE OF ARBITRATION PROCEDURE IN CONNECTION WITH ANY LEGAL DISPUTE OR CONTROVERSY WITH A PUBLIC CUSTOMER AND SHALL NOTIFY NASD PRIOR TO INSTITUTING ANY PROCEEDINGS IN FEDERAL OR STATE COURT AGAINST ANY EXISTING OR FORMER PUBLIC CUSTOMER FOR 2 YEARS.**Reporting Source:** Firm**Current Status:** Final**Allegations:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AND SOLELY FOR



THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY ON OR BEHALF OF NASD, OR TO WHICH NASD IS A PARTY, TO THE ENTRY OF FINDINGS OF FACTS AND VIOLATIONS BY RESPONDENTS OF NASD CODE OF ARBITRATION PROCEDURE RULES 10101 AND 10301, NASD CODE OF ARBITRATION PROCEDURE IM-10100, AND NASD CONDUCT RULE 2110, AS ALLEGED IN THE FIRST CAUSE OF THE COMPLAINT, AND NASD CONDUCT RULE 2110, AS ALLEGED IN THE SECOND CAUSE OF THE COMPLAINT

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 12/22/2003

**Docket/Case Number:** C8A030100

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FINE; 10-DAY SUSPENSION OF PRINCIPAL DUTIES

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

**Resolution Date:** 12/09/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$135,000.00  
Suspension

**Other Sanctions Ordered:**

**Sanction Details:** A CENSURE OF RESPONDENT OF SIGMA; A JOINT AND SEVERAL FINE OF \$135,000 OF RESPONDENT SIGMA AND RESPONDENT RYDELL; A 10-BUSINESS DAY SUSPENSION IN ALL PRINCIPAL CAPACITIES OF RESPONDENT RYDELL THAT WILL BE SERVED FROM DEC. 17TH, 2004 UNTIL DEC. 30TH 2004; RESPONDENT SIGMA HAS ENTERED INTO A SETTLEMENT AGREEMENT WITH CUSTOMES J.&E.S. IN THE AMOUNT OF \$110,000 FOR ATTORNEY'S FEES AND COSTS INCURRED BY J.&E.S. IN THE MICHIGAN COURT LITIGATION; AN ORDER REQUIRING THAT FOR TWO YEARS RESPONDENT SIGMA'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY ANNUALLY, IN WRITING, THAT RESPONDENT SIGMA HAS FULLY COMPLIED WITH EACH PROVISION OF THE NASD CODE OF ARBITRATION PROCEDURE IN CONNECTION WITH ANY LEGAL DISPUTE OR CONTROVERSY WITH A PUBLIC CUSTOMER; AND ORDER REQUIRING THAT FOR TWO YEARS RESPONDENT SIGMA SHALL NOTIFY NASD ENFORCEMENT PRIOR TO INSTITUTING ANY PROCEEDINGS IN FEDERAL



OR STATE COURT AGAINST ANY EXISITING OR FORMER PUBLIC CUSTOMER.



## 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 11

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	06/01/2000
<b>Case Number:</b>	<a href="#">00-02079</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$71,475.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	10/05/2001
<b>Sum of All Relief Awarded:</b>	\$37,000.00

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

### Disclosure 2 of 11

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/02/2000
<b>Case Number:</b>	<a href="#">00-03079</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BOND FUNDS



**Sum of All Relief Requested:** \$215,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 01/17/2002

**Sum of All Relief Awarded:** \$100,000.00

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

#### Disclosure 3 of 11

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 09/23/2002

**Case Number:** [02-05544](#)

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

**Sum of All Relief Requested:** \$91,500.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/11/2003

**Sum of All Relief Awarded:** \$94,711.01

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

#### Disclosure 4 of 11

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 02/20/2003





**Case Number:** [03-00465](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/29/2004

**Sum of All Relief Awarded:** \$187,111.00

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 11

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 03/02/2012

**Case Number:** [12-00512](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/19/2015

**Sum of All Relief Awarded:** \$40,000.00

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 11

**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:** 08/03/1999  
**Case Number:** [99-02233](#)  
**Disputed Product Type:** COMMON STOCK; CORPORATE BONDS; NO OTHER TYPE OF SEC INVOLVE;  
LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$9,000,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/28/2001  
**Sum of All Relief Awarded:** \$950,387.32

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 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION  
OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER  
CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 08/30/1999  
**Case Number:** [99-03362](#)  
**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$327,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 04/03/2001  
**Sum of All Relief Awarded:** \$318,096.30

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 11

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 11/04/1999

**Case Number:** [99-04256](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:**

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/20/2001

**Sum of All Relief Awarded:**

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 11

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** NASD

**Case Initiated:** 10/28/1999

**Case Number:** [99-04513](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$66,475.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/14/2001

**Sum of All Relief Awarded:** \$10,000.00

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

**Disclosure 10 of 11**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	11/23/1999
<b>Case Number:</b>	<a href="#">99-05063</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$173,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	01/25/2001
<b>Sum of All Relief Awarded:</b>	\$155,327.62

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 11**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/30/1999
<b>Case Number:</b>	<a href="#">99-05423</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$25,001.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	01/23/2001
<b>Sum of All Relief Awarded:</b>	\$9,000.00



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

**End of Report**



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