BrokerCheck Report

MCDERMOTT INVESTMENT SERVICES, LLC

CRD# 154926

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

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

MCDERMOTT INVESTMENT SERVICES, LLC

CRD# 154926

SEC# 8-68683

Main Office Location

900 BROAD AVE SOUTH
SUITE 2C
NAPLES, FL 34102
Regulated by FINRA Florida Office

Mailing Address

P.O. BOX 1784
NAPLES, FL 34106

Business Telephone Number

610-882-1460

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Pennsylvania on 07/21/2010.

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 12 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
Civil Event	1

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Pennsylvania on 07/21/2010.

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.

MCDERMOTT INVESTMENT SERVICES, LLC

Doing business as MCDERMOTT INVESTMENT SERVICES, LLC

CRD# 154926

SEC# 8-68683

Main Office Location

900 BROAD AVE SOUTH
SUITE 2C
NAPLES, FL 34102

Regulated by FINRA Florida Office

Mailing Address

P.O. BOX 1784
NAPLES, FL 34106

Business Telephone Number

610-882-1460

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):	MCDERMOTT, DEAN PATRICK 1731834
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING MEMBER, CHIEF COMPLIANCE OFFICER
Position Start Date	08/2010
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	CITO, JOHN PHILIP 724521
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR
Position Start Date	11/2010
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	RIP, OLGA 5440553
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF FINANCIAL OFFICER/FINOP

Firm Profile

Direct Owners and Executive Officers (continued)

Position Start Date	04/2025
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm Profile

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

Indirect Owners

No information reported.

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	05/19/2011

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	05/19/2011

Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	07/16/2013	North Carolina	Approved	06/09/2011
Alaska	Approved	07/08/2013	North Dakota	Approved	07/23/2013
Arizona	Approved	08/30/2012	Ohio	Approved	07/08/2013
Arkansas	Approved	07/15/2013	Oklahoma	Approved	06/18/2013
California	Approved	05/24/2011	Oregon	Approved	08/26/2011
Colorado	Approved	05/23/2011	Pennsylvania	Approved	05/20/2011
Connecticut	Approved	05/19/2011	Rhode Island	Approved	02/15/2012
Delaware	Approved	03/20/2013	South Carolina	Approved	07/22/2013
District of Columbia	Approved	05/23/2011	South Dakota	Approved	06/28/2013
Florida	Approved	05/23/2011	Tennessee	Approved	09/20/2013
Georgia	Approved	04/23/2013	Texas	Approved	10/05/2012
Hawaii	Approved	09/06/2013	Utah	Approved	07/18/2013
Idaho	Approved	06/13/2013	Vermont	Approved	08/21/2013
Illinois	Approved	05/20/2011	Virginia	Approved	05/20/2011
Indiana	Approved	07/12/2013	Washington	Approved	05/31/2013
Iowa	Approved	07/22/2013	West Virginia	Approved	08/06/2013
Kansas	Approved	07/17/2013	Wisconsin	Approved	05/20/2011
Kentucky	Approved	06/14/2013	Wyoming	Approved	07/10/2013
Louisiana	Approved	06/24/2013			
Maine	Approved	08/17/2012			
Maryland	Approved	05/24/2011			
Massachusetts	Approved	05/26/2011			
Michigan	Approved	08/30/2011			
Minnesota	Approved	06/25/2013			
Mississippi	Approved	06/24/2013			
Missouri	Approved	09/24/2013			
Montana	Approved	07/09/2013			
Nebraska	Approved	01/28/2013			
Nevada	Approved	06/07/2011			
New Hampshire	Approved	08/08/2012			
New Jersey	Approved	05/31/2011			
New Mexico	Approved	08/15/2013			
New York	Approved	05/23/2011			

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 12 types of businesses.

Types of Business

Types of Business
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Private placements of securities
Other - THE COMPANY WILL ENGAGE IN IRS SECTION 1031 TENANTS IN COMMON EXHANGES.

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.

Name:	HILLTOP SECURITIES INC.
CRD #:	6220
Business Address:	717 N. HARWOOD SUITE 3400 DALLAS, TX 75201
Effective Date:	03/25/2024
Description:	PURSUANT TO A FULLY DISCLOSED CLEARING ARRANGEMENT, HILLTOP SECURITIES LLC WILL EXECUTE, CLEAR, AND SETTLE SECURITIES ON BEHALF OF MCDERMOTT INVESTMENT SERVICES, LLC.

Firm Operations

Industry Arrangements

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

Name:	HILLTOP SECURITIES INC.
CRD #:	6220
Business Address:	717 N. HARWOOD SUITE 3400 DALLAS, TX 75201
Effective Date:	03/25/2024
Description:	HILLTOP SECURITIES LLC EXECUTES, CLEARS, AND SETTLES SECURITIES ON BEHALF OF MCDERMOTT INVESTMENT SERVICES, LLC AND MAINTAINS RECORDS RELATING TO THOSE TRANSACTIONS.

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

Name:	HILLTOP SECURITIES INC.
CRD #:	6220
Business Address:	717 N. HARWOOD SUITE 3400 DALLAS, TX 75201
Effective Date:	03/25/2024
Description:	PURSUANT TO A FULLY DISCLOSED ARRANGEMENT, HILLTOP SECURITIES INC WILL HOLD/MAINTAIN ACCOUNTS, FUNDS, AND SECURITIES ON BEHALF OF MCDERMOTT INVESTMENT SERVICES, LLC.

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

Name:	HILLTOP SECURITIES INC.
CRD #:	6220
Business Address:	717 N. HARWOOD SUITE 3400 DALLAS, TX 75201
Effective Date:	03/25/2024
Description:	PURSUANT TO A FULLY DISCLOSED ARRANGEMENT, HILLTOP SECURITIES INC WILL HOLD/MAINTAIN ACCOUNTS, FUNDS, AND/OR SECURITIES FOR THE CUSTOMERS OF MCDERMOTT INVESTMENT SERVICES, LLC.

Control Persons/Financing

Firm Operations

Industry Arrangements (continued)

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.

CITO CAPITAL ADVISORS LLC is under common control with the firm.

CRD #:	152131
Business Address:	354 STATE STREET HACKENSACK, NJ 07601
Effective Date:	05/19/2011
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	JOHN P. CITO, MANAGING DIRECTOR OF MCDERMOTT INVESTMENT SERVICES, LLC, IS ALSO MANAGING MEMBER OF CITO CAPITAL ADVISORS LLC, A STATE REGISTERED INVESTMENT ADVISER.

MCDERMOTT INVESTMENT ADVISORS, LLC is under common control with the firm.

CRD #:	132221
Business Address:	780 5TH AVE SOUTH SUITE 200 NAPLES, FL 34102
Effective Date:	09/25/2006
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes

Firm Operations

Organization Affiliates (continued)

Description:	DEAN P. MCDERMOTT, MANAGING MEMBER OF MCDERMOTT INVESTMENT SERVICES, LLC, IS ALSO MANAGING MEMBER OF MCDERMOTT INVESTMENT ADVISORS, LLC. MR. MCDERMOTT HOLDS 100% OWNERSHIP INTEREST IN BOTH FIRMS.

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
Civil Event	0	1	0

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.**

Civil - Final

This type of disclosure event involves (1) an injunction issued by a foreign or domestic court within the last 10 years in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action dismissed by a court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Regulator
Current Status:	Final
Allegations:	PLAINTIFF SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") ALLEGES AS FOLLOWS AGAINST DEFENDANTS DEAN

PATRICK MCDERMOTT ("MCDERMOTT") AND MCDERMOTT INVESTMENT ADVISORS, LLC ("MIA") (COLLECTIVELY, "DEFENDANTS"), AND RELIEF DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC ("MIS"): BETWEEN MARCH 2013 AND DECEMBER 2014, MCDERMOTT AND MIA, THE INVESTMENT ADVISER HE OWNS, UNLAWFULLY INVESTED THEIR CLIENTS IN A VERSION OF A SECURITY THAT CHARGED SIGNIFICANT TRANSACTIONAL SALES CHARGES WHEN THE IDENTICAL SECURITY WITHOUT THESE COSTS WAS AVAILABLE. AS INVESTMENT ADVISERS, DEFENDANTS WERE PAID A FEE BY THEIR CLIENTS TO CHOOSE INVESTMENTS AND MAKE TRADES ON THEIR CLIENTS' BEHALF. UNDER APPLICABLE LAW, AND AS DETAILED IN MIA'S THEN-OPERATIVE COMPLIANCE POLICIES AND PROCEDURES MANUAL, DEFENDANTS WERE "REQUIRE[D] TO ACT IN THE BEST INTERESTS OF THEIR CLIENTS AND PLACE THEIR INTERESTS BEFORE [THEIR] OWN." BY CAUSING THEIR CLIENTS TO PAY THESE AVOIDABLE FEES, DEFENDANTS VIOLATED THEIR FIDUCIARY DUTY TO SEEK BEST EXECUTION OF THESE TRANSACTIONS ON BEHALF OF THEIR CLIENTS. DEFENDANTS ALSO VIOLATED THEIR FIDUCIARY DUTY BY FAILING TO DISCLOSE TO THEIR CLIENTS THE CONFLICT OF INTEREST INHERENT IN THESE TRANSACTIONS: NAMELY, THAT A VERSION OF THE SECURITIES WITHOUT THE TRANSACTIONAL SALES CHARGES WAS AVAILABLE, AND THAT THE MAJORITY OF THE UNNECESSARY TRANSACTIONAL COSTS INCURRED BY DEFENDANTS' CLIENTS WAS PAID TO RELIEF DEFENDANT MIS, MCDERMOTT'S 100%-OWNED AND CONTROLLED BROKER-DEALER. MCDERMOTT, MIA, AND MIS WERE DOUBLE DIPPING BY RECEIVING BOTH THE ADVISORY FEES AND THE FEES GENERATED BY THE MORE EXPENSIVE SECURITIES. BY FAILING TO SEEK BEST EXECUTION OF THE TRADES AND FAILING TO DISCLOSE THE CONFLICTS OF INTEREST INHERENT IN THESE TRANSACTIONS, DEFENDANTS AND RELIEF DEFENDANT ENRICHED THEMSELVES AT THE EXPENSE OF THEIR CLIENTS AND WITHOUT THEIR CLIENTS' KNOWLEDGE. AS A RESULT, RELIEF DEFENDANT MIS HAS BEEN UNJUSTLY ENRICHED AS A RESULT OF THE FACT THAT IT RECEIVED THE MAJORITY OF THE AVOIDABLE FEES THAT DEFENDANTS' CLIENTS PAID AS A RESULT OF THE FRAUD, TO WHICH IT HAS NO LEGITIMATE CLAIM.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Court Details:	UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA; PENNSYLVANIA; 5:19-CV-04229
Date Court Action Filed:	09/13/2019
Principal Product Type:	Other
Other Product Types:	UNSPECIFIED SECURITIES
Relief Sought:	Disgorgement
Other Relief Sought:	PREJUDGMENT INTEREST

Resolution:	Judgment Rendered
Resolution Date:	10/28/2022
Sanctions Ordered or Relief Granted:	Disgorgement/Restitution
Other Sanctions:	PREJUDGMENT INTEREST ON DISGORGEMENT
Sanction Details:	THE FIRM SHALL PAY, JOINTLY AND SEVERALLY, DISGORGEMENT IN THE AMOUNT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60.
Regulator Statement	ON OCTOBER 28, 2022, A FINAL JUDGMENT WAS ENTERED AGAINST DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC WHEREIN IT IS LIABLE FOR DISGORGEMENT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60, JOINTLY AND SEVERALLY WITH DEFENDANTS MIA AND MCDERMOTT.

Reporting Source:	Firm
Current Status:	Final
Allegations:	PLAINTIFF SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") ALLEGES AS FOLLOWS AGAINST DEFENDANTS DEAN PATRICK MCDERMOTT ("MCDERMOTT") AND MCDERMOTT INVESTMENT ADVISORS, LLC ("MIA") (COLLECTIVELY, "DEFENDANTS"), AND RELIEF DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC ("MIS"): BETWEEN MARCH 2013 AND DECEMBER 2014, MCDERMOTT AND MIA, THE INVESTMENT ADVISER HE OWNS, UNLAWFULLY INVESTED THEIR CLIENTS IN A VERSION OF A SECURITY THAT CHARGED SIGNIFICANT TRANSACTIONAL SALES CHARGES WHEN THE IDENTICAL SECURITY WITHOUT THESE COSTS WAS AVAILABLE. AS INVESTMENT ADVISERS, DEFENDANTS WERE PAID A FEE BY THEIR CLIENTS TO CHOOSE INVESTMENTS AND MAKE TRADES ON THEIR CLIENTS' BEHALF. UNDER APPLICABLE LAW, AND AS DETAILED IN MIA'S THEN-OPERATIVE COMPLIANCE POLICIES AND PROCEDURES MANUAL, DEFENDANTS WERE "REQUIRE[D] TO ACT IN THE BEST INTERESTS OF THEIR CLIENTS AND PLACE THEIR INTERESTS BEFORE [THEIR] OWN." BY CAUSING THEIR CLIENTS TO PAY THESE AVOIDABLE FEES, DEFENDANTS VIOLATED THEIR FIDUCIARY DUTY TO SEEK BEST EXECUTION OF THESE TRANSACTIONS ON BEHALF OF THEIR CLIENTS. DEFENDANTS ALSO VIOLATED THEIR FIDUCIARY DUTY BY FAILING TO DISCLOSE TO THEIR CLIENTS THE CONFLICT OF INTEREST INHERENT IN THESE TRANSACTIONS: NAMELY, THAT A VERSION OF THE SECURITIES WITHOUT THE TRANSACTIONAL SALES CHARGES WAS AVAILABLE, AND THAT THE MAJORITY OF THE UNNECESSARY TRANSACTIONAL COSTS INCURRED BY DEFENDANTS'

CLIENTS WAS PAID TO RELIEF DEFENDANT MIS, MCDERMOTT'S 100%-OWNED AND CONTROLLED BROKER-DEALER. MCDERMOTT, MIA, AND MIS WERE DOUBLE DIPPING BY RECEIVING BOTH THE ADVISORY FEES AND THE FEES GENERATED BY THE MORE EXPENSIVE SECURITIES. BY FAILING TO SEEK BEST EXECUTION OF THE TRADES AND FAILING TO DISCLOSE THE CONFLICTS OF INTEREST INHERENT IN THESE TRANSACTIONS, DEFENDANTS AND RELIEF DEFENDANT ENRICHED THEMSELVES AT THE EXPENSE OF THEIR CLIENTS AND WITHOUT THEIR CLIENTS' KNOWLEDGE. AS A RESULT, RELIEF DEFENDANT MIS HAS BEEN UNJUSTLY ENRICHED AS A RESULT OF THE FACT THAT IT RECEIVED THE MAJORITY OF THE AVOIDABLE FEES THAT DEFENDANTS' CLIENTS PAID AS A RESULT OF THE FRAUD, TO WHICH IT HAS NO LEGITIMATE CLAIM.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Court Details:	UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA; PENNSYLVANIA; 5:19-CV-04229
Date Court Action Filed:	09/13/2019
Principal Product Type:	Other
Other Product Types:	UNSPECIFIED SECURITIES
Relief Sought:	Disgorgement
Other Relief Sought:	PREJUDGMENT INTEREST
Resolution:	Judgment Rendered
Resolution Date:	10/28/2022
Sanctions Ordered or Relief Granted:	Disgorgement/Restitution
Other Sanctions:	PREJUDGMENT INTEREST ON DISGORGEMENT
Sanction Details:	THE FIRM SHALL PAY, JOINTLY AND SEVERALLY, DISGORGEMENT IN THE AMOUNT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60.
Firm Statement	ON OCTOBER 28, 2022, A FINAL JUDGMENT WAS ENTERED AGAINST DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC WHEREIN IT IS LIABLE FOR DISGORGEMENT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60, JOINTLY AND SEVERALLY WITH DEFENDANTS MIA AND MCDERMOTT.

Reporting Source:	Firm
Current Status:	Final

Allegations:	PLAINTIFF SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") ALLEGES AS FOLLOWS AGAINST DEFENDANTS DEAN PATRICK MCDERMOTT ("MCDERMOTT") AND MCDERMOTT INVESTMENT ADVISORS, LLC ("MIA") (COLLECTIVELY, "DEFENDANTS"), AND RELIEF DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC ("MIS"): BETWEEN MARCH 2013 AND DECEMBER 2014, MCDERMOTT AND MIA, THE INVESTMENT ADVISER HE OWNS, UNLAWFULLY INVESTED THEIR CLIENTS IN A VERSION OF A SECURITY THAT CHARGED SIGNIFICANT TRANSACTIONAL SALES CHARGES WHEN THE IDENTICAL SECURITY WITHOUT THESE COSTS WAS AVAILABLE. AS INVESTMENT ADVISERS, DEFENDANTS WERE PAID A FEE BY THEIR CLIENTS TO CHOOSE INVESTMENTS AND MAKE TRADES ON THEIR CLIENTS' BEHALF. UNDER APPLICABLE LAW, AND AS DETAILED IN MIA'S THEN-OPERATIVE COMPLIANCE POLICIES AND PROCEDURES MANUAL, DEFENDANTS WERE "REQUIRE[D] TO ACT IN THE BEST INTERESTS OF THEIR CLIENTS AND PLACE THEIR INTERESTS BEFORE [THEIR] OWN." BY CAUSING THEIR CLIENTS TO PAY THESE AVOIDABLE FEES, DEFENDANTS VIOLATED THEIR FIDUCIARY DUTY TO SEEK BEST EXECUTION OF THESE TRANSACTIONS ON BEHALF OF THEIR CLIENTS. DEFENDANTS ALSO VIOLATED THEIR FIDUCIARY DUTY BY FAILING TO DISCLOSE TO THEIR CLIENTS THE CONFLICT OF INTEREST INHERENT IN THESE TRANSACTIONS: NAMELY, THAT A VERSION OF THE SECURITIES WITHOUT THE TRANSACTIONAL SALES CHARGES WAS AVAILABLE, AND THAT THE MAJORITY OF THE UNNECESSARY TRANSACTIONAL COSTS INCURRED BY DEFENDANTS' CLIENTS WAS PAID TO RELIEF DEFENDANT MIS, MCDERMOTT'S 100%-OWNED AND CONTROLLED BROKER-DEALER. MCDERMOTT, MIA, AND MIS WERE DOUBLE DIPPING BY RECEIVING BOTH THE ADVISORY FEES AND THE FEES GENERATED BY THE MORE EXPENSIVE SECURITIES. BY FAILING TO SEEK BEST EXECUTION OF THE TRADES AND FAILING TO DISCLOSE THE CONFLICTS OF INTEREST INHERENT IN THESE TRANSACTIONS, DEFENDANTS AND RELIEF DEFENDANT ENRICHED THEMSELVES AT THE EXPENSE OF THEIR CLIENTS AND WITHOUT THEIR CLIENTS' KNOWLEDGE. AS A RESULT, RELIEF DEFENDANT MIS HAS BEEN UNJUSTLY ENRICHED AS A RESULT OF THE FACT THAT IT RECEIVED THE MAJORITY OF THE AVOIDABLE FEES THAT DEFENDANTS' CLIENTS PAID AS A RESULT OF THE FRAUD, TO WHICH IT HAS NO LEGITIMATE CLAIM.
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Court Details:	UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA; PENNSYLVANIA; 5:19-CV-04229
Date Court Action Filed:	09/13/2019
Principal Product Type:	Other
Other Product Types:	UNSPECIFIED SECURITIES

Relief Sought:	Disgorgement
Other Relief Sought:	PREJUDGMENT INTEREST
Resolution:	Judgment Rendered
Resolution Date:	10/28/2022
Sanctions Ordered or Relief Granted:	Disgorgement/Restitution
Other Sanctions:	PREJUDGMENT INTEREST ON DISGORGEMENT
Sanction Details:	THE FIRM SHALL PAY, JOINTLY AND SEVERALLY, DISGORGEMENT IN THE AMOUNT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60.
Firm Statement	ON OCTOBER 28, 2022, A FINAL JUDGMENT WAS ENTERED AGAINST DEFENDANT MCDERMOTT INVESTMENT SERVICES, LLC WHEREIN IT IS LIABLE FOR DISGORGEMENT OF $143,379.33, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF $50,983.60, JOINTLY AND SEVERALLY WITH DEFENDANTS MIA AND MCDERMOTT.

End of Report

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