

BrokerCheck Report
EDI FINANCIAL, INC.
CRD# 15699

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 6
Firm History	7
Firm Operations	8 - 12
Disclosure Events	13

About BrokerCheck®



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

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

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

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

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

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

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



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

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

EDI FINANCIAL, INC.

CRD# 15699

SEC# 8-32566

Main Office Location

1431 GREENWAY DRIVE
SUITE 330
IRVING, TX 75038

Mailing Address

1431 GREENWAY DRIVE
SUITE 330
IRVING, TX 75038

Business Telephone Number

214-528-4090

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 11/05/1984.

Its fiscal year ends in March.

Firm History

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

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

**Disclosure Events**

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	11
Arbitration	4

Registration Withdrawal Information

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



**This firm terminated or
withdrew registration on:** 12/31/2016

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



Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 11/05/1984.

Its fiscal year ends in March.

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.

EDI FINANCIAL, INC.

Doing business as EDI FINANCIAL, INC.

CRD# 15699

SEC# 8-32566

Main Office Location

1431 GREENWAY DRIVE
SUITE 330
IRVING, TX 75038

Mailing Address

1431 GREENWAY DRIVE
SUITE 330
IRVING, TX 75038

Business Telephone Number

214-528-4090



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): PRINZ, MARTIN WILLIAM
1330601

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

Position PRESIDENT, DIRECTOR, CSO, CCO

Position Start Date 07/1988

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): DAILY, JAY PATRICK
1471899

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

Position SHAREHOLDER

Position Start Date 06/2005

Percentage of Ownership 25% but less than 50%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): JOHN, VARKEY
4530162

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

Position FINOP

Firm Profile



Direct Owners and Executive Officers (continued)

Position Start Date	06/2014
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

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 no longer registered.

The firm's registration was from 12/02/1986 to 06/01/2017.

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 11 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Trading securities for own account
Private placements of securities

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.



Firm Operations

Industry Arrangements

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

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CENTER
 200 VESEY ST
 NEW YORK, NY 10281
Effective Date: 03/13/2013
Description: THE FIRM HAS ENTERED INTO A FULLY DISCLOSED AGREEEMNT WITH RBC

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

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CNETER
 200 VESEY ST
 NEW YORK, NY 10281
Effective Date: 03/13/2013
Description: THE FIRM HAS ENTERED INTO A FULLY DISCLOSED AGREEMENT WITH RBC

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

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CENTER
 200 VESEY ST
 NEW YORK, NY 10281
Effective Date: 03/13/2013
Description: THE FIRM HAS ENTERED INTO A FULLY DISCLOSED AGREEMENT WITH RBC

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.

EDI INVESTMENT ADVISOR CORPORATION is under common control with the firm.

CRD #:	124129
Business Address:	12221 MERIT DRIVE SUITE 1020 DALLAS, TX 75251
Effective Date:	01/01/2003
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	THE APPLICANT AND EDI INVESTMENT ADVISOR CORPORATION ARE CONTROLLED BY MARTIN W. PRINZ.

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	11	0
Arbitration	N/A	4	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 11

Reporting Source: Regulator
Current Status: Final



Allegations: RESPONDENT EDI FINANCIAL, INC. FAILED TO PAY FINES AND/OR COSTS OF \$33,388.46 IN FINRA CASE #2012032643701.

Initiated By: FINRA

Date Initiated: 06/01/2017

Docket/Case Number: [2012032643701](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Expulsion

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/01/2017

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

Sanctions Ordered: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: PURSUANT TO FINRA RULE 8320, RESPONDENT EDI FINANCIAL, INC. IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON JUNE 1, 2017 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 2 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT EDI FINANCIAL, INC. FAILED TO PAY FEES OF \$41,073.90 DUE TO FINRA.

Initiated By: FINRA

Date Initiated: 02/03/2017

Docket/Case Number: N/A



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CANCELLATION
Resolution:	Other
Resolution Date:	02/24/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	
Other Sanctions Ordered:	CANCELLATION
Sanction Details:	PURSUANT TO FINRA RULE 9553, EDI FINANCIAL, INC.'S MEMBERSHIP WITH FINRA IS CANCELED AS OF FEBRUARY 24, 2017 FOR FAILURE TO PAY OUTSTANDING FEES.

Disclosure 3 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ADOPT AND IMPLEMENT SUPERVISORY SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE FIRM'S SUITABILITY OBLIGATIONS FOR THE SOLICITATION AND SALE OF PRIVATE PLACEMENTS. THE FIRM DID NOT EFFECTIVELY MONITOR CUSTOMERS' EXPOSURE TO PRIVATE PLACEMENTS. THE FIRM LACKED ADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES FOR CONDUCTING DUE DILIGENCE ON PRIVATE PLACEMENTS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE GUIDANCE CONCERNING HOW DUE DILIGENCE WAS TO BE DOCUMENTED, AND THE FIRM FAILED TO SUFFICIENTLY DOCUMENT DUE DILIGENCE CONDUCTED ON PRIVATE PLACEMENTS. CONSEQUENTLY, THE FIRM COULD NOT EFFECTIVELY SUPERVISE WHETHER ADEQUATE DUE DILIGENCE WAS PERFORMED ON PRIVATE PLACEMENTS. ACCORDINGLY, GIVEN THE RISK</p>



AND RELATIVE ILLIQUIDITY OF PRIVATE PLACEMENTS, IT IS UNSUITABLE FOR A CUSTOMER'S ASSETS TO BE OVERLY CONCENTRATED IN PRIVATE PLACEMENTS. DESPITE THIS RISK, THE FIRM HAD NO WRITTEN POLICIES OR PROCEDURES CONCERNING THE PROPORTION OF A CUSTOMER'S ASSETS THAT COULD BE ALLOCATED TO PRIVATE PLACEMENTS. THUS, THE FIRM'S REGISTERED REPRESENTATIVES HAD INSUFFICIENT WRITTEN GUIDANCE FOR DETERMINING WHETHER AND HOW MUCH TO RECOMMEND THAT A PARTICULAR CUSTOMER INVEST IN A PRIVATE PLACEMENT. ALSO, BECAUSE THE FIRM LACKED ADEQUATE SYSTEMS AND PROCEDURES FOR MONITORING THE PROPORTION OF EACH CUSTOMER'S ASSETS THAT WAS INVESTED IN PRIVATE PLACEMENTS, IF A CUSTOMER INVESTED IN MULTIPLE PRIVATE PLACEMENTS, THE FIRM'S REGISTERED REPRESENTATIVES AND SUPERVISORS COULD NOT ADEQUATELY DETERMINE WHETHER THE CUSTOMER'S ASSETS WERE OVERLY CONCENTRATED IN PRIVATE PLACEMENTS. THE FINDINGS STATED THAT DESPITE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REQUIRING SWITCH LETTERS, THE FIRM FAILED TO CONSISTENTLY OBTAIN SWITCH LETTERS WHEN CUSTOMERS SWITCHED BETWEEN MUTUAL FUNDS. THIS PREVENTED FIRM SUPERVISORS FROM CONFIRMING THAT CUSTOMERS RECEIVED MATERIAL FACTS REGARDING FEES AND CHARGES INCURRED BY CUSTOMERS FROM SWITCHING INVESTMENTS. THE FIRM BECAME AWARE THAT MUTUAL FUND SWITCH LETTERS HAD NOT BEEN OBTAINED, IN ACCORDANCE WITH ITS POLICY, FOR CERTAIN CUSTOMERS OF ONE OF ITS REGISTERED REPRESENTATIVES IN CONNECTION WITH MUTUAL FUND SWITCHES THAT HAD OCCURRED. UPON LEARNING THAT SWITCH LETTERS HAD NOT BEEN OBTAINED IN ACCORDANCE WITH FIRM POLICY, THE REGISTERED REPRESENTATIVE OBTAINED SWITCH LETTERS FROM EACH OF THE CUSTOMERS. THESE LETTERS WERE SIGNED AND DATED BY THE REGISTERED REPRESENTATIVE, THE CUSTOMERS AND A PRINCIPAL OF THE FIRM TO REFLECT THE DATE EACH TRANSACTION TOOK PLACE RATHER THAN THE DATE EACH SWITCH LETTER WAS SIGNED. AFTER BEING SIGNED, THE SWITCH LETTERS WERE MAINTAINED IN THE FIRM'S FILES AS PART OF ITS BOOKS AND RECORDS, CAUSING THE FIRM TO MAINTAIN INACCURATE RECORDS CONCERNING MUTUAL FUND SWITCHES. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE A SCHEDULE DESCRIBING THE FREQUENCY OF NON-BRANCH INSPECTIONS, AND FAILED TO PROVIDE AN EXPLANATION OF HOW THE FIRM DETERMINED EXAMINATION SCHEDULES FOR NON-BRANCH LOCATIONS. THE FIRM ALSO FAILED TO INSPECT NON-BRANCH LOCATIONS IN ACCORDANCE WITH A REGULAR PERIODIC SCHEDULE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROPERLY DESIGNATE ONE OF ITS BRANCH OFFICES, WHICH SUPERVISED THE ACTIVITIES OF REGISTERED REPRESENTATIVES IN ANOTHER BRANCH OFFICE, AS AN OFFICE OF



SUPERVISORY JURISDICTION (OSJ). FINRA FOUND THAT THE FIRM FAILED TO TIMELY PROVIDE A COMPLETE RESPONSE TO FINRA'S REQUEST FOR DOCUMENTS AND INFORMATION.

Initiated By: FINRA

Date Initiated: 02/26/2015

Docket/Case Number: [2012032643701](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENTS SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/26/2015

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.

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 ADOPT AND IMPLEMENT SUPERVISORY SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE FIRM'S SUITABILITY OBLIGATIONS FOR THE SOLICITATION AND SALE OF PRIVATE PLACEMENTS. THE FIRM DID NOT EFFECTIVELY MONITOR CUSTOMERS' EXPOSURE TO PRIVATE PLACEMENTS. THE FIRM LACKED ADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES FOR CONDUCTING DUE DILIGENCE ON PRIVATE PLACEMENTS. THE FIRM'S WRITTEN



SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE GUIDANCE CONCERNING HOW DUE DILIGENCE WAS TO BE DOCUMENTED, AND THE FIRM FAILED TO SUFFICIENTLY DOCUMENT DUE DILIGENCE CONDUCTED ON PRIVATE PLACEMENTS. CONSEQUENTLY, THE FIRM COULD NOT EFFECTIVELY SUPERVISE WHETHER ADEQUATE DUE DILIGENCE WAS PERFORMED ON PRIVATE PLACEMENTS. ACCORDINGLY, GIVEN THE RISK AND RELATIVE ILLIQUIDITY OF PRIVATE PLACEMENTS, IT IS UNSUITABLE FOR A CUSTOMER'S ASSETS TO BE OVERLY CONCENTRATED IN PRIVATE PLACEMENTS. DESPITE THIS RISK, THE FIRM HAD NO WRITTEN POLICIES OR PROCEDURES CONCERNING THE PROPORTION OF A CUSTOMER'S ASSETS THAT COULD BE ALLOCATED TO PRIVATE PLACEMENTS. THUS, THE FIRM'S REGISTERED REPRESENTATIVES HAD INSUFFICIENT WRITTEN GUIDANCE FOR DETERMINING WHETHER AND HOW MUCH TO RECOMMEND THAT A PARTICULAR CUSTOMER INVEST IN A PRIVATE PLACEMENT. ALSO, BECAUSE THE FIRM LACKED ADEQUATE SYSTEMS AND PROCEDURES FOR MONITORING THE PROPORTION OF EACH CUSTOMER'S ASSETS THAT WAS INVESTED IN PRIVATE PLACEMENTS, IF A CUSTOMER INVESTED IN MULTIPLE PRIVATE PLACEMENTS, THE FIRM'S REGISTERED REPRESENTATIVES AND SUPERVISORS COULD NOT ADEQUATELY DETERMINE WHETHER THE CUSTOMER'S ASSETS WERE OVERLY CONCENTRATED IN PRIVATE PLACEMENTS. THE FINDINGS STATED THAT DESPITE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REQUIRING SWITCH LETTERS, THE FIRM FAILED TO CONSISTENTLY OBTAIN SWITCH LETTERS WHEN CUSTOMERS SWITCHED BETWEEN MUTUAL FUNDS. THIS PREVENTED FIRM SUPERVISORS FROM CONFIRMING THAT CUSTOMERS RECEIVED MATERIAL FACTS REGARDING FEES AND CHARGES INCURRED BY CUSTOMERS FROM SWITCHING INVESTMENTS. THE FIRM BECAME AWARE THAT MUTUAL FUND SWITCH LETTERS HAD NOT BEEN OBTAINED, IN ACCORDANCE WITH ITS POLICY, FOR CERTAIN CUSTOMERS OF ONE OF ITS REGISTERED REPRESENTATIVES IN CONNECTION WITH MUTUAL FUND SWITCHES THAT HAD OCCURRED. UPON LEARNING THAT SWITCH LETTERS HAD NOT BEEN OBTAINED IN ACCORDANCE WITH FIRM POLICY, THE REGISTERED REPRESENTATIVE OBTAINED SWITCH LETTERS FROM EACH OF THE CUSTOMERS. THESE LETTERS WERE SIGNED AND DATED BY THE REGISTERED REPRESENTATIVE, THE CUSTOMERS AND A PRINCIPAL OF THE FIRM TO REFLECT THE DATE EACH TRANSACTION TOOK PLACE RATHER THAN THE DATE EACH SWITCH LETTER WAS SIGNED. AFTER BEING SIGNED, THE SWITCH LETTERS WERE MAINTAINED IN THE FIRM'S FILES AS PART OF ITS BOOKS AND RECORDS, CAUSING THE FIRM TO MAINTAINED INACCURATE RECORDS CONCERNING MUTUAL FUND SWITCHES. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE A SCHEDULE DESCRIBING THE FREQUENCY OF NON-BRANCH INSPECTIONS, AND FAILED TO PROVIDE AN EXPLANATION OF HOW THE FIRM DETERMINED



EXAMINATION SCHEDULES FOR NON-BRANCH LOCATIONS. THE FIRM ALSO FAILED TO INSPECT NON-BRANCH LOCATIONS IN ACCORDANCE WITH A REGULAR PERIODIC SCHEDULE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROPERLY DESIGNATE ONE OF ITS BRANCH OFFICES, WHICH SUPERVISED THE ACTIVITIES OF REGISTERED REPRESENTATIVES IN ANOTHER BRANCH OFFICE, AS AN OFFICE OF SUPERVISORY JURISDICTION (OSJ). FINRA FOUND THAT THE FIRM FAILED TO TIMELY PROVIDE A COMPLETE RESPONSE TO FINRA'S REQUEST FOR DOCUMENTS AND INFORMATION.

Initiated By: FINRA

Date Initiated: 02/26/2015

Docket/Case Number: [2012032643701](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENTS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: NA

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/26/2015

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

Other Sanctions Ordered:

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

Disclosure 4 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT RULES 15C2-4, 15C3-3(K)(2)(II), NASD RULE 2110: THE FIRM ENGAGED IN TWO CONTINGENCY OFFERINGS, ACTED AS THE SOLE PLACEMENT AGENT FOR BOTH OFFERINGS, AND ENTERED INTO AGREEMENTS WITH AN INDEPENDENT ATTORNEY TO ACT AS THE INDEPENDENT ADMINISTRATOR FOR THE OFFERINGS RATHER THAN CONTRACTING DIRECTLY WITH A BANK TO ACT AS THE FIRM'S ESCROW AGENT. THE TITLE OF THE FIRST OFFERING ESCROW ACCOUNT, WHICH THE ATTORNEY OPENED, DID NOT CHANGE EVEN AFTER THE OFFERING



HAD BEEN CLOSED AND THE NEW OFFERING WAS INSTITUTED, AND THE FIRM NEVER BROKE ESCROW BEFORE MEETING THE CONTINGENCY FOR BOTH OFFERINGS. THE FIRM ESTABLISHED A BANK ACCOUNT TO HOLD FUNDS RELATED TO THE OFFERINGS SEPARATELY, AND THE ACCOUNT WAS ADMINISTERED BY AN INDEPENDENT PARTY. THE FIRM FAILED TO TIMELY DEPOSIT CUSTOMERS' CHECK INTO THE ESCROW ACCOUNT BECAUSE CUSTOMER CHECKS WERE DEPOSITED IN THE FIRM'S ESCROW ACCOUNT BETWEEN 2 AND 11 BUSINESS DAYS AFTER RECEIPT.

Initiated By: FINRA

Date Initiated: 04/27/2010

Docket/Case Number: [2009016266601](#)

Principal Product Type: Other

Other Product Type(s): CONTINGENT OFFERINGS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/27/2010

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

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

Other Sanctions Ordered:

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

Reporting Source: Firm

Current Status: Final

Allegations: EDI FINANCIAL, INC. ENGAGED IN 2 CONTINGENCY OFFERINGS IN 2007 & 2008 AND FAILED TO DEPOSIT INVESTOR FUNDS INTO AN ACCOUNT THAT



COMPLIED WITH THE REQUIREMENTS OF EXCHANGE ACT RULE 15C2-4 AND CONDUCT RULE 2110. CUSTOMER CHECKS WERE ALSO DEPOSITED IN THE FIRM'S ESCROW ACCOUNT BETWEEN 2 AND 11 BUSINESS DAYS AFTER RECEIPT IN VIOLATION OF EXCHANGE ACT RULE 15C3-3(K)(2)(II) AND CONDUCT RULE 2110

Initiated By: FINRA

Date Initiated: 03/18/2010

Docket/Case Number: [2009016266601](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/27/2010

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

Other Sanctions Ordered:

Sanction Details: \$10,000.00 FINE IMPOSED, PORTION LEVIED AGAINST APPLICANT, PAID

Disclosure 5 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: AN AGENT OF EDI FINANCIAL WAS NOT DIRECTLY SUPERVISED BY A PRINCIPAL OF EDI FINANCIAL IN VIOLATION OF ITS 2004 UNDERTAKING.

Initiated By: TEXAS

Date Initiated: 08/25/2008

Docket/Case Number: IC08-SUS-11

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

**Sought:**

Other Sanction(s)/Relief Sought: ADMINISTRATIVE FINE

Resolution: Order

Resolution Date: 08/25/2008

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: Monetary/Fine \$17,500.00
Suspension

Other Sanctions Ordered: NO OTHER SANCTIONS

Sanction Details: .

Reporting Source: Firm

Current Status: Final

Allegations: AN AGENT OF EDI FINANCIAL WAS NOT DIRECTLY SUPERVISED BY A PRINCIPAL OF EDI FINANCIAL IN VIOLATION OF ITS 2004 UNDERTAKING WITH THE TEXAS STATE SECURITIES BOARD.

Initiated By: TEXAS STATE SECURITIES BOARD

Date Initiated: 08/25/2008

Docket/Case Number: IC08-SUS-11

Principal Product Type: Options

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: 08/25/2008

Sanctions Ordered: Monetary/Fine \$17,500.00



Suspension

Other Sanctions Ordered: EDI WAS ASSESSED A FINE OF \$17,500 AND THE REGISTRATION OF AGENT JOHN MICHAEL CURRAN WAS SUSPENDED FOR A PERIOD OF 7 DAYS.

Sanction Details: AGENT JOHN MICHAEL CURRAN WAS SUSPENDED FOR A PERIOD OF 7 DAYS FROM THE DATE OF THE ORDER.

Firm Statement AN AGENT OF EDI FINANCIAL ACTED IN A PRINCIPAL CAPACITY IN VIOLATION OF THE 2004 UNDERTAKING WITH THE TEXAS STATE SECURITIES BOARD. EDI WAS ASSESSED A FINE OF \$17,500 AND THE REGISTRATION OF AGENT JOHN MICHAEL CURRAN WAS SUSPENDED FOR A PERIOD OF 7 DAYS.

Disclosure 6 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 2110 - RESPONDENT SIGNED AN UNDERTAKING WITH THE TEXAS STATE SECURITIES BOARD IN WHICH IT AGREED NOT TO ALLOW AN EMPLOYEE TO ACT AS A PRINCIPAL OF THE FIRM, DESPITE THIS UNDERTAKING THE FIRM APPOINTED THE SANCTIONED EMPLOYEE AS A PRINCIPAL OF THE FIRM DURING WHICH TIME HE REVIEWED AND APPROVED OPTIONS TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 10/31/2007

Docket/Case Number: E062005006301

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/31/2007



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 \$6,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, EDI FINANCIAL, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$6,000.

Reporting Source: Firm

Current Status: Final

Allegations: EDI SIGNED AN UNDERTAKING WITH THE TEXAS STATE SECURITIES BOARD IN WHICH IT AGREED NOT TO ALLOW AN EMPLOYEE TO ACT IN A PRINCIPAL CAPACITY. THE EMPLOYEE REMAINED AS EDI'S SROP FOR APPROXIMATELY ONE MONTH DURING WHICH HE REVIEWED AND APPROVED OPTIONS TRANSACTIONS.

Initiated By: NASD

Date Initiated: 10/31/2007

Docket/Case Number: E062005006301

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: CENSURE & FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/31/2007

Sanctions Ordered: Censure
Monetary/Fine \$6,000.00

Other Sanctions Ordered:



Sanction Details: AWC; THE FIRM WAS CENSURED AND FINED \$6,000.

Firm Statement THE FIRM WAS CENSURED AND FINED \$6,000.

Disclosure 7 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 15C3-1, 17A-3, 17A-5 AND NASD CONDUCT RULES 2110, 3010(A), 3010(B) AND NASD MEMBERSHIP AND REGISTRATION RULE 1022(C) - EDI FINANCIAL, INC. ENGAGED IN A SECURITIES BUSINESS WHEN THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM AND FAILED TO ACCURATELY FILE FOCUS PART IIA REPORTS FOR THE PERIODS ENDING FEBRUARY 28, 2002, MARCH 31, 2002, APRIL 30, 2002 AND MAY 31, 2002. MOREOVER, THE FIRM FAILED TO KEEP CURRENT ITS GENERAL LEDGER AND TRIAL BALANCE FOR THE PERIOD FEBRUARY 2002 THROUGH MARCH 2002. EDI FINANCIAL, INC. FAILED TO HAVE A FINANCIAL AND OPERATIONS PRINCIPAL AND MOREOVER MAINTAINED THE NASD REGISTRATION OF THE FIRM'S FORMER FINANCIAL AND OPERATIONS PRINCIPAL WHO WAS NOT INVOLVED IN THE FINANCIAL AND OPERATIONAL MANAGEMENT OF THE FIRM. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF AN OWNER OF THE FIRM WHO WAS PERFORMING DUTIES REQUIRING REGISTRATION AS A FINANCIAL AND OPERATIONS PRINCIPAL BUT WAS NOT REGISTERED AS A FINANCIAL AND OPERATIONS PRINCIPAL AND FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE, INCLUDING THE ESTABLISHMENT AND MAINTENANCE OF WRITTEN PROCEDURES, THE ACCURACY AND MAINTENANCE OF THE FIRM'S FINANCIAL BOOKS AND RECORDS SO AS TO ENSURE THE FIRM COMPLIED WITH ALL ASPECTS OF THE NET CAPITAL RULE.

Initiated By: NASD

Date Initiated: 08/16/2004

Docket/Case Number: C06040026

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 08/16/2004

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 \$25,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, EDI FINANCIAL, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED JOINTLY AND SEVERALLY IN THE AMOUNT OF \$25,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULES 15C3-1, 17A-5 AND NASD CONDUCT RULES 2110, 3010 (A), 3010 (B) AND NASD MEMBERSHIP AND REGISTRATION RULE 1022(C) - EDI FINANCIAL ENGAGED IN A SECURITIES BUSINESS WHEN THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM AND FAILED TO ACCURATELY FILE FOCUS PART IIA REPORTS FOR THE PERIODS ENDING FEBRUARY 28, 2002, MARCH 31, 2002, APRIL 30, 2002 AND MAY 31, 2002. MOREOVER, THE FIRM FAILED TO KEEP CURRENT ITS GENERAL LEDGER AND TRIAL BALANCE FOR THE PERIOD FEBRUARY 2002 THROUGH MARCH 2002. EDI FAILED TO HAVE A FINANCIAL AND OPERATIONS PRINCIPAL AND MAINTAINED THE NASD REGISTRATION OF THE FIRM'S FORMER FINANCIAL AND OPERATIONS PRINCIPAL WHO WAS NOT INVOLVED IN THE FINANCIAL AND OPERATIONAL MANAGEMENT OF THE FIRM. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF AN OWNER OF THE FIRM WHO WAS PERFORMING DUTIES REQUIRING REGISTRATION AS A FINANCIAL AND OPERATIONS PRINCIPAL BUT WAS NOT REGISTERED AS A FINANCIAL AND OPERATIONS PRINCIPAL AND FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE, INCLUDING THE ESTABLISHMENT AND MAINTENANCE OF WRITTEN PROCEDURES, AND ACCURACY AND MAINTENANCE OF THE FIRM'S FINANCIAL BOOKS AND RECORDS SO AS TO ENSURE THE FIRM COMPLIED WITH ALL ASPECTS OF THE NET CAPITAL RULE.

Initiated By: NASD



Date Initiated: 08/16/2004
Docket/Case Number: C06040026
Principal Product Type: Other
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 08/16/2004
Sanctions Ordered: Censure
 Monetary/Fine \$25,000.00
 Suspension
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, EDI FINANCIAL, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED JOINTLY AND SEVERALLY IN THE AMOUNT OF \$25,000.00
 MARTIN W. PRINZ HAS 30 DAY SUSPENSION COMMENCING OCTOBER 4, 2004 ENDING CLOSE OF BUSINESS NOVEMBER 12, 2004

Disclosure 8 of 11

Reporting Source: Regulator
Current Status: Final
Allegations: MSRB RULES G-27 AND G-30 - RESPONDENT MEMBER SOLD MUNICIPAL BONDS FROM ITS OWN ACCOUNT TO THAT OF A CUSTOMER AT AGGREGATE PRICES THAT WERE NOT FAIR AND REASONABLE; FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE THAT THE AGGREGATE PRICES FOR MUNICIPAL TRANSACTIONS WERE FAIR AND REASONABLE.
Initiated By: NASD
Date Initiated: 09/29/2003
Docket/Case Number: C06030022
Principal Product Type: Debt - Municipal

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 09/29/2003**Sanctions Ordered:** Censure
Monetary/Fine \$12,500.00**Other Sanctions Ordered:**

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, EDI FINANCIAL, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$12,500, AND ORDERED TO PAY \$6,181.00 PLUS INTEREST, IN RESTITUTION TO CUSTOMER. IF FOR ANY REASON RESPONDENT CANNOT LOCATE THE CUSTOMER(S) AFTER REASONABLE AND DOCUMENTED EFFORTS, WITHIN A REASONABLE TIME PERIOD, THE RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUNDS FOR THE STATE IN WHICH THE CUSTOMER CONDUCTED ITS PRINCIPAL BUSINESS.

Reporting Source: Firm**Current Status:** Final

Allegations: MSRB RULES G-27 AND G-30 RESPONDENT MEMBER SOLD MUNI BONDS FROM ITS OWN ACCOUNT TO THAT OF A CUSTOMER AT AGGREGATE PRICES THAT WERE NOT FAIR AND REASBNABLE; FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE THAT THE AGGREGATE PRICES FOR MUNICIPAL TRANSACTIONS WERE FAIR AND REASONABLE.

Initiated By: NASD**Date Initiated:** 09/29/2003**Docket/Case Number:** C06030022**Principal Product Type:** Debt - Municipal**Other Product Type(s):****Principal Sanction(s)/Relief**

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 09/29/2003**Sanctions Ordered:** Censure
Monetary/Fine \$12,500.00**Other Sanctions Ordered:**

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, EDI FINANCIAL, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSORED AND FINED 12,500.00 AND ORDERED TO PAY 6,181.00 PLUS INTEREST, IN RESTITUTION TO CUSTOMER. IF FOR ANY REASON RESPONDENT CANNOT LOCATED THE CUSTOMER(S) AFTER REASONABLE AND DOCUMENTED EFFORTS, WITHIN A REASONABLE TIME PERIOD, THE RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUNDS FOR THE STATE IN WHICH THE CUSTOMER CONDUCTED ITS PRINCIPAL BUSINESS.

Disclosure 9 of 11**Reporting Source:** Regulator**Current Status:** Final

Allegations: NASD RULES 1120(B), 2110, G-27 AND G-30 - RESPONDENT MEMBER EFFECTED THE SALE OF MUNICIPAL SECURITIES FROM ITS OWN ACCOUNT TO THAT OF A CUSTOMER AT AGGREGATE PRICES THAT WERE NOT FAIR AND REASONABLE IN THAT THE MARKUPS WERE 8.2 PERCENT AND 15.9 PERCENT RESPECTIVELY AND FAILED TO DESIGNATE A PRINCIPAL RESPONSIBLE FOR THE SUPERVISION OF MUNICIPAL SECURITIES ACTIVITIES AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES DESIGNED TO ADDRESS MUNICIPAL SECURITIES TRANSACTIONS; AND FAILED TO ADEQUATELY IMPLEMENT THE FIRM ELEMENT OF THE NASD'S CONTINUING EDUCATION PROGRAM IN THAT THE FIRM FAILED TO DEVELOP A NEEDS ANALYSIS AND A WRITTEN TRAINING PLAN FOR THE FIRM'S COVERED REGISTERED PERSONS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS**Date Initiated:** 11/20/2000



Docket/Case Number: C06000030
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/20/2000
Sanctions Ordered: Censure
 Monetary/Fine \$11,000.00
Other Sanctions Ordered: THE FINE IS IMPOSED JOINTLY AND SEVERALLY.
Sanction Details: NONE

Reporting Source: Firm
Current Status: Final
Allegations: EXCESSIVE MARK-UP, FAILURE TO DESIGNATE MSRB PRINCIPAL, FAILURE TO IMPLEMENT THE FIRM ELEMENT OF THE NASD'S CONTINUING EDUCATION PROGRAM & DEVELOP NEEDS ANALYSIS AND WRITTEN TRAINING PLAN FOR FIRM'S REGISTERED PERSONS
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated: 11/20/2000
Docket/Case Number: C06000030
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/20/2000
Sanctions Ordered: Censure



Monetary/Fine \$11,000.00

Other Sanctions Ordered:

FINE IMPOSED JOINTLY AND SEVERALLY

Sanction Details:

\$11,000.00 PAID. CENSURE & MONETARY FINE OF \$5,000.00 IMPOSED JOINTLY & SEVERALLY AGAINST EDI FINANCIAL, INC. AND MITCHELL G. BREIER. CENSURE & MONETARY FINE OF \$6,000.00 IMPOSED JOINTLY & SEVERALLY AGAINST EDI FINANCIAL, INC. AND MARTIN W. PRINZ. DATE PAID 11/20/2000.

Firm Statement

MITCHELL G. BREIER, & MARTIN W. PRINZ BOTH PAID FINE WITH A PERSONAL CHECK OF BANK CHECK FOR THE FULL AMOUNT.

Disclosure 10 of 11

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEE INCIDENT #2.

Initiated By:

CONNECTICUT DEPT. OF BANKING

Date Initiated:

08/11/1998

Docket/Case Number:

CO-98-5205-S

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Consent

Resolution Date:

01/01/1999

Sanctions Ordered:

Monetary/Fine \$20,000.00
Suspension

Other Sanctions Ordered:

Sanction Details:

FIRM HAD REQUESTED A HEARING ON THE 8/11/1998 NOTICE OF INTENT TO DENY REGISTRATION AS A BROKER-DEALER; ORDER TO CEASE AND DESIST; AND NOTICE OF INTENT TO FINE. ON 12/4/1998, A CONSENT ORDER WAS ENTERED INFORMALLY RESOLVING



THE
 ISSUES RAISED AND WITHDRAWING THE 8/11/1998 CEASE AND DESIST
 ORDER. THE CONSENT ORDER PROVIDED THAT THE FIRM'S
 CONNECTICUT
 REGISTRATION WOULD BE MADE EFFECTIVE ON JANUARY 1, 1999, BUT
 SUSPENDED FOR 90 DAYS THEREAFTER. DURING THE SUSPENSION
 PERIOD, THE FIRM COULD ONLY EXECUTE UNSOLICITED PURCHASES OR
 SALES FOR 2 CUSTOMERS PREVIOUSLY IDENTIFIED TO THE AGENCY.
 COMMISSIONS FROM THOSE UNSOLICITED TRANSACTIONS WOULD BE
 CONTRIBUTED TO THE DEPT.'S INVESTOR EDUCATION FUND AT THE END
 OF THE SUSPENSION PERIOD. CONSENT ORDER ALSO FINED THE FIRM
 \$20,000 AND REQUIRED THAT IT REIMBURSE THE DEPT. \$5,000 FOR
 COSTS. OTHER CONSENT ORDER PROVISIONS INCLUDED: 1) A
 REQUIREMENT THAT THE FIRM RETAIN A CONSULTANT TO REVIEW AND
 OVERSEE IMPLEMENTATION OF REVISED SUPERVISORY AND
 COMPLIANCE
 PROCEDURES; 2) A 2 YEAR RESTRICTION ON TRANSACTING CT BUSINESS
 IN SECURITIES OTHER THAN INVESTMENT COMPANY SECURITIES;
 EXCHANGE LISTED OPTIONS; EXCHANGE LISTED AND NASDAQ-NMS
 SECURITIES; 3) A REQUIREMENT THAT FOR 2 YEARS THE FIRM FILE
 QUARTERLY REPORTS CONCERNING ANY SECURITIES RELATED
 COMPLAINTS,
 ACTIONS OR PROCEEDINGS INVOLVING IT; AND 4) A REQUIREMENT THAT
 THE FIRM REIMBURSE THE DIVISION FOR THE COST OF ONE OR MORE
 EXAMINATIONS TO BE CONDUCTED WITHIN 18 MONTHS.

Regulator Statement

CONTACT: C. ANTANAITIS, 860-240-8233

Reporting Source: Firm

Current Status: Final

Allegations: TRANSACTED BUSINESS AS B/D; FILED APPLICATION THAT CONTAINED FALSE OR MISLEADING STATEMENTS REGARDING PRIOR TRANSACTIONS; DAMAGES UNSPECIFIED

Initiated By: STATE OF CONNECTICUT

Date Initiated: 08/11/1998

Docket/Case Number: CO-98-5205-S

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

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


Other Sanction(s)/Relief Sought:

Resolution: Consent
Resolution Date: 12/04/1998
Sanctions Ordered: Monetary/Fine \$25,000.00
 Suspension

Other Sanctions Ordered:

Sanction Details: FOR A PERIOD OF 90 DAYS COMMENCING JANUARY 1, 1999 B/D SUSPENDED FOR ACTING AS B/D; RETAIN INDEPENDANT CONSULTANT TO UPDATE POLICIES & PROCEDURES MANUAL; PAY CONNECTICUT DEPARTMENT OF BANKING \$25,000.00; REMEDIAL MEASURES

Disclosure 11 of 11

Reporting Source: Regulator
Current Status: Final
Allegations: FIRM ALLEGEDLY TRANSACTED BUSINESS AS A BROKER-DEALER ABSENT REGISTRATION UNDER THE CONNECTICUT UNIFORM SECURITIES ACT.
Initiated By: CONNECTICUT DEPT. OF BANKING
Date Initiated: 12/16/1994
Docket/Case Number: CO-94-2309-S
URL for Regulatory Action:
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 04/10/1995
Sanctions Ordered: Monetary/Fine \$1,500.00
 Disgorgement/Restitution
 Cease and Desist/Injunction

**Other Sanctions Ordered:****Sanction Details:**

PER CONSENT ORDER DATED 4/10/95 (DOCKET CO-94-2309-S), AND WITHOUT ADMITTING OR DENYING ANY WRONGDOING, THE FIRM AGREED TO THE ENTRY OF A CONSENT ORDER. THE CONSENT ORDER DIRECTED THE FIRM TO 1) CEASE AND DESIST FROM REGULATORY VIOLATIONS; 2) REVIEW, REVISE AND IMPLEMENT SUPERVISORY AND COMPLIANCE PROCEDURES DESIGNED TO ACHIEVE REGULATORY COMPLIANCE; AND 3) PAY \$3,000 TO THE AGENCY, \$1,500 OF WHICH CONSTITUTED A CIVIL PENALTY AND THE BALANCE OF WHICH REPRESENTED THE DISGORGEMENT OF COMMISSIONS EARNED DURING THE PERIOD OF UNREGISTERED ACTIVITY.

Regulator Statement

CONTACT: S. IGDALSKY, 203-240-8230

Reporting Source:

Firm

Current Status:

Final

Allegations:

CONDUCTING BUSINESS IN CONNECTICUT BY REPRESENTATIVE NOT REGISTERED AND ALSO FIRM

Initiated By:

STATE OF CONNECTICUT

Date Initiated:

12/16/1994

Docket/Case Number:

CD-94-2309-S

Principal Product Type:

Mutual Fund(s)

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

Civil and Administrative Penalt(ies) /Fine(s)

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

Acceptance, Waiver & Consent(AWC)

Resolution Date:

04/10/1995

Sanctions Ordered:

Monetary/Fine \$3,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:**Sanction Details:**

THE FIRM SHALL CEASE/DESIST IN ACTIVITY ABSENT REGISTRATION;



REVISE THE FIRM'S POLICIES & PROCEDURES MANUAL; PAY CT DEPT OF
BANKING \$3,000.00



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 4

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:	07/31/2006
Case Number:	06-03475
Disputed Product Type:	ANNUITIES; COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$300,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/29/2007
Sum of All Relief Awarded:	\$71,902.51

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 4

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	06/13/2014



Case Number: [14-01822](#)
Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS
Sum of All Relief Requested: \$600,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/20/2016
Sum of All Relief Awarded: \$273,606.01

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 4

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD;
ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO
SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 05/06/2016
Case Number: [16-01243](#)
Disputed Product Type: REAL ESTATE INVESTMENT TRUST
Sum of All Relief Requested: \$499,999.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/17/2017
Sum of All Relief Awarded: \$432,815.06

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 4

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; DO NOT USE-NO OTHER
CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 01/01/1986
Case Number: [86-00309](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$11,250.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/12/1989
Sum of All Relief Awarded: \$10,125.00

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



This page is intentionally left blank.