

## BrokerCheck Report

### ARAGON FINANCIAL SERVICES, INC.

CRD# 16023

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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.

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**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



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



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 01/06/1984.  
Its fiscal year ends in August.

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	14

ARAGON FINANCIAL SERVICES, INC.

CRD# 16023  
SEC# 8-33169

Main Office Location

7700 IRVINE CENTER DRIVE  
STE 800  
IRVINE, CA 92618

Mailing Address

PO BOX 1659  
BREA, CA 92822-1659

Business Telephone Number

800-451-5994

## 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.



**Date firm ceased business:** 05/06/2002

**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 01/06/1984.

Its fiscal year ends in August.

## 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.

**ARAGON FINANCIAL SERVICES, INC.**

**Doing business as ARAGON FINANCIAL SERVICES, INC.**

**CRD#** 16023

**SEC#** 8-33169

### Main Office Location

7700 IRVINE CENTER DRIVE  
STE 800  
IRVINE, CA 92618

### Mailing Address

PO BOX 1659  
BREA, CA 92822-1659

### Business Telephone Number

800-451-5994



## 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):** MYER, ROBERT LANE

344027

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

**Position** DIRECTOR

**Position Start Date** 08/1998

**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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**Legal Name & CRD# (if any):** BROWN, EDGAR ALLEN JR

1463057

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

**Position** DIRECTOR

**Position Start Date** 05/2001

**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):** DIMEGLIO, JOHN JOSEPH

2908029

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

**Position** PRESIDENT

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Position Start Date** 05/2001

**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):** MCKEE, DAVID ELIJAH  
4138230

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

**Position** VICE PRESIDENT

**Position Start Date** 09/2001

**Percentage of Ownership** Less than 5%

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

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

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**Legal Name & CRD# (if any):** REZA MOHAMMED BIDGOLI

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

**Position** CORPORATE SECRETARY & GENERAL COUNSEL

**Position Start Date** 05/2001

**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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## 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 03/05/1985 to 05/31/2005.**





**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**

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
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Broker or dealer involved in a networking, kiosk or similar arrangment with a: bank, savings bank or association, or credit union

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>	FIRST SOUTHWEST COMPANY
<b>CRD #:</b>	316
<b>Business Address:</b>	1700 PACIFIC AVENUE, SUITE 500 DALLAS, TX 75201
<b>Effective Date:</b>	12/01/1997
<b>Description:</b>	FIRST SOUTHWEST COMPANY (FSWC) IS A CLEARING BROKER DEALER. FSWC FUNCTIONS ARE TO CLEAR AND MAINTAIN CASH, MARGIN,OPTION OR OTHER ACCOUNTS ("ACCOUNTS") FOR ARAGON FINANCIAL SERVICES, INC.(AFSI) OR CUSTOMERS ("CUSTOMERS") OF AFSI.

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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>	FIRST SOUTHWEST COMPANY
<b>CRD #:</b>	316
<b>Business Address:</b>	1700 PACIFIC AVENUE STE 500 DALLAS, TX 75201
<b>Effective Date:</b>	12/01/1997
<b>Description:</b>	FIRST SOUTHWEST COMPANY (FSWC) IS A CLEARING BROKER DEALER. FSWC FUNCTIONS ARE TO CLEAR AND MAINTAIN CASH, MARGIN, OPTION OR OTHER ACCOUNTS ("ACCOUNTS") FOR ARAGON FINANCIAL SERVICES, INC. (AFSI) OR CUSTOMERS ("CUSTOMERS") OF AFSI.

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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 not, 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.**

**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	14	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 11

**Reporting Source:** Regulator

**Current Status:** Final





<b>Allegations:</b>	RESPONDENT WAS FOUND BY THE SIXTH JUDICIAL CIRCUIT COURT TO BE IN VIOLATION OF SECTION 517.301, F.S., AND HAD A JUDGEMENT ENTERED AGAINST IT.
<b>Initiated By:</b>	FLORIDA
<b>Date Initiated:</b>	08/01/2007
<b>Docket/Case Number:</b>	0332-S-3/07
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	RECOVERY FROM THE SECURITIES GUARANTY FUND, AS PROVIDED IN SECTIONS 517.131 AND 517.141, FLORIDA STATUTES. THE FUND IS DISBURSED TO A PERSON OR INVESTOR WHO IS AJUDGED BY A COURT OF COMPETENT JURISDICTION TO HAVE SUFFERED MONETARY DAMAGES AS A RESULT OF A DEALER, INVESTMENT ADVISOR, OR ASSOCIATED PERSON HAVING VIOLATED THE ANTI-FRAUD PROVISION OF SECTION 517.301, F.S.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/18/2007
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	PAYMENT FROM THE SECURITIES GUARANTY FUND IS GRANTED AGAINST RESPONDENT AS A PRIOR CLAIM HAD BEEN APPROVED AGAINST RESPONDENT WITHIN TWO YEARS OF RECIEPT OF THE IMMEDIATE CLAIM.
<b>Sanction Details:</b>	N/A
<b>Regulator Statement</b>	PAYMENT FROM THE SECURITIES GUARANTY FUND CONSTITUTES PRIMA FACIE GROUNDS FOR THE DENIAL OF AN APPLICATION OR REVOCATION OF CURRENT REGISTRATION UNDER SECTION 517.161(2), F.S.



<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE RESPONDENT WAS IN VIOLATION OF SECTION 517.301 FLORIDA STAUTES.
<b>Initiated By:</b>	FLORIDA
<b>Date Initiated:</b>	04/05/2005
<b>Docket/Case Number:</b>	0088-S-12/03
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	RECOVERY FROM SECURITY GUARANTY FUND, AS PROVIDED IN SECTIONS 517.131 AND 517.141, FLORIDA STATUTES. THE FUND IS DISBURSED TO A PERSON OR INVESTOR WHO IS AJUDGED BY COURT OF COMPTENT JURSDICTION TO HAVE SUFFERED MONETARY DAMAGES AS A RESULT OF A DEALER, INVESTMENT ADVISOR, OR ASSOCIATED PERSON HAVING VIOLATED THE ANTI-FRAUD PROVISION OF CHAPTER 517.301 FLORIDA STATUTES.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	04/05/2005
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	PAYMENT FROM THE SECURITIES GUARANTY FUND CONSTITUTES PRIMA FACIE GROUNDS FOR THE DENIAL OF THE REGISTERED REPRESENTATIVE'S APPLICATION OR REVOCATION OF THE CURRENT REGISTRATION UNDER 517.161(2), FLORIDA STATUTES.
<b>Sanction Details:</b>	NA



**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FAILURE TO REMIT RENEWAL FEE

**Initiated By:** CALIFORNIA

**Date Initiated:** 02/07/2003

**Docket/Case Number:**

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 02/07/2003

**Sanctions Ordered:** Revocation/Expulsion/Denial

**Other Sanctions Ordered:**

**Sanction Details:** INVESTMENT ADVISER CERTIFICATE SUMMARILY REVOKED FOR NON-PAYMENT OF THE RENEWAL FEE.

#### Disclosure 4 of 11

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** ON MARCH 21, 2002, NASD FINANCE DEPARTMENT INFORMED ARAGON FINANCIAL SERVICES, OF STATUTORY DISQUALIFICATION ANNUAL FEE OWED FOR TIER 1 DISQUALIFICATION ON ACCOUNT OF STATUTORILY DISQUALIFIED INDIVIDUALS EMPLOYED WITH THE FIRM WITHIN TWO (2) OR MORE QUARTERS OF 2001. ON SEPTEMBER 26, 2002, NASD SENT ARAGON FINANCIAL SERVICES A FIFTEEN (15) DAY WRITTEN NOTICE TO SUSPEND MEMBERSHIP FOR FAILURE TO PAY DUES, FEES, AND OTHER CHARGES. FIRM WAS NOTIFIED THAT THE UNSATISFIED AMOUNT DUE AND OUTSTANDING BALANCE HAD BECOME SEVERELY DELINQUENT, AND THAT PURSUANT TO RULE 9531 OF NASD CODE OF PROCEDURES, FIRM'S REGISTRATION WILL BE SUSPENDED, AND BECOME EFFECTIVE FIFTEEN



(15) AFTER THE DATE OF SERVICE OF ITS NOTICE, UNLESS PAYMENT IN FULL WAS RECEIVED PRIOR TO THE END OF WRITTEN NOTIFICATION DEADLINE OF OCTOBER 11, 2002. DESPITE THE NOTICE OF SEPTEMBER 26, 2002, NASD HAD NOT RECEIVED PAYMENT TO SATISFY THE AMOUNT DUE.

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

**Date Initiated:** 03/21/2002

**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:** PAYMENT OF STATUTORY DISQUALIFICATION ANNUAL FEE OWED FOR TIER 1 DISQUALIFIED INDIVIDUALS EMPLOYED WITH THE FIRM DURING TWO OR MORE QUARTERS OF 2001.

**Resolution:** Decision

**Resolution Date:** 10/12/2002

**Sanctions Ordered:** Suspension

**Other Sanctions Ordered:** PURSUANT TO RULE 9531 OF NASD CODE OF PROCEDURE, FIRM'S NASD REGISTRATION IS SUSPENDED FIFTEEN (15) DAYS AFTER THE DATE OF SERVICE OF NASD NOTICE DATED SEPTEMBER 26, 2002. ON SEPTEMBER 26, 2002, NASD SENT ARAGON FINANCIAL SERVICES A FIFTEEN (15) DAY WRITTEN NOTIFICATION TO SUSPEND MEMBERSHIP FOR FAILURE TO PAY DUES, FEES OWED TO THE NASD. DESPITE THE NOTICE OF SEPTEMBER 26, 2002, NASD HAD NOT RECEIVED PAYMENT TO SATISFY THE AMOUNT DUE, AND IN ACCORDANCE WITH RULE 9531, FIRM'S REGISTRATION WAS SUSPENDED EFFECTIVE OCTOBER 12, 2002.

**Sanction Details:** NASD SUSPENSION EFFECTIVE OCTOBER 12, 2002

#### Disclosure 5 of 11

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** UNREGISTERED BRANCH ACTIVITY, FAILURE TO SUPERVISE, VIOLATION OF A PREVIOUS DEPT. ORDER.

**Initiated By:** FLORIDA DIVISION OF SECURITIES



<b>Date Initiated:</b>	03/19/2001
<b>Docket/Case Number:</b>	3222-S-3/01
<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>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	03/19/2001
<b>Sanctions Ordered:</b>	Monetary/Fine \$22,232.67 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	NA
<b>Sanction Details:</b>	ARAGON ALSO AGREES TO REVISE ITS SUPERVISORY PROCEDURES.
<b>Regulator Statement</b>	NA

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	UNREGISTERED BRANCH ACTIVITY, FAILURE TO SUPERVISE, VIOLATION OF A PREVIOUS DEPARTMENT ORDER
<b>Initiated By:</b>	FLORIDA DEVISION OF SECURITIES
<b>Date Initiated:</b>	03/19/2001
<b>Docket/Case Number:</b>	3222-S-3/01
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order



**Resolution Date:** 03/19/2001

**Sanctions Ordered:** Monetary/Fine \$22,232.67  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** ARAGON ALSO AGREED TO REVISE ITS SUPERVISORY PROCEDURES

**Firm Statement** DUE TO ADMIN ERRORS, REGISTRATIONS OF THREE FLORIDA BRANCHES WERE NOT COMPLETED ON TIME. ALL FLORIDA BRANCHES ARE NOW REGISTERED AND FULLY COMPLIANT.

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**Disclosure 6 of 11**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** 02/05/00GS: NASD RULES 2110 AND 3070 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT LISH, FAILED TO REPORT TO THE NASD CUSTOMER COMPLAINTS AND SECURITIES RELATED ARBITRATIONS.

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

**Date Initiated:** 01/24/2000

**Docket/Case Number:** C02990072

**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:** 01/24/2000

**Sanctions Ordered:** Censure

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED \$25,000, JOINTLY AND SEVERALLY.

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**Reporting Source:** Firm

**Current Status:** Final



<b>Allegations:</b>	DURING THE PERIOD FROM APPROXIMATELY 4/7/97-7/1998, ARAGON ACTING THROUGH MR. LISH, FAILED TO REPORT SPECIFIC INFORMATION REQUIRED UNDER CONDUCT RULE 3070 AS FOLLOWS; A) EIGHT (8) CUSTOMER COMPLAINTS IN THE FIRST QUARTER OF 1997 THROUGH THE SECOND QUARTER OF 1998; B) NINE (9) SECURITIES-RELATED ARBITRATIONS.
<b>Initiated By:</b>	NASD REGULATION DEPARTMENT OF ENFORCEMENT.
<b>Date Initiated:</b>	09/10/1999
<b>Docket/Case Number:</b>	C02990072
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	ARAGON AND MR LISH ACCEPT CONSENT WITHOUT ADMITTING OR DENYING ALLEGED RULE VIOLATIONS OF NASD CONDUCT RULE 3070, CENSURED AND JOINT AND SEVERAL FINED IN THE AMOUNT OF \$25,000.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/12/2000
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	CENSURE JOINT AND SEVERAL FINE IN THE AMOUNT OF \$25,000 WAS IMPOSED ON ARAGON AND MR LISH.
<b>Sanction Details:</b>	ON 01/24/2000 NASD REGULATION DEPT OF ENFORCEMENT ISSUED A FINAL ORDER INTERING INTO LETTER OF ACCEPTANCE, WAIVER, AND CONSENT FOR THE PURPOSE OF PROPOSING A SETTLEMENT OF RULE VIOLATIONS 3070 AND 2110 BY ARAGON AND MR LISH. ARAGON AND MR LISH WERE FINED JOINTLY AND SEVERALLY IN THE AMOUNT OF \$25,000. FINE IS INTENDED TO BE PAYED ON AN INSALLMENT PLAN.
<b>Firm Statement</b>	DURING 4/97-7/98 ARAGON ACTING THROUGH MR LISH FAILED TO REPORT TO THE ASSOCIATION REQUIRED SPECIFIC INFORMATION UNDER RULE 3070. ARAGON AGREED TO PAY A MONETARY SANCTION (\$25,000 JOINT AND SEVERAL) UPON NOTICE THAT ACCEPTANCE, WAIVER, AND CONSENT WAS ACCEPTED BY THE NASD AND NAC.

## Disclosure 7 of 11

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ALLEGED THAT ARAGON FINANCIAL SERVICES, INC. CONDUCTED SECURITIES BUSINESS FROM BRANCH OFFICE LOCATIONS IN FLORIDA WITHOUT BENEFIT OF LAWFUL REGISTRATION. SUCH ACTIVITY OCCURRED BECAUSE THE FIRM FAILED TO TIMELY RENEW ITS FLORIDA BRANCH OFFICE REGISTRATIONS.

**Initiated By:** FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION

**Date Initiated:** 12/17/1997

**Docket/Case Number:** 2598-S-12/97

**URL for Regulatory Action:**

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Stipulation and Consent

**Resolution Date:** 12/17/1997

**Sanctions Ordered:** Monetary/Fine \$30,424.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 12/17/97, THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ISSUED A FINAL ORDER ENTERING INTO A STIPULATION AND CONSENT AGREEMENT REGARDING RESPONDENT ARAGON FINANCIAL SERVICES, INC. THE FINAL ORDER INCORPORATED THE STIPULATION AND CONSENT AGREEMENT DATED 12/16/97, IN WHICH THE RESPONDENT ARAGON FINANCIAL SERVICES CONSENTED TO THE FINDINGS BY THE DEPARTMENT THAT THEY CONDUCTED SECURITIES BUSINESS THROUGH THE "NON-RENEWED" BRANCH OFFICES WITHOUT BENEFIT OF LAWFUL REGISTRATION. IN ACCORDANCE WITH THE AGREEMENT, THE RESPONDENT ARAGON FINANCIAL AGREED TO PAY A FINE IN THE AMOUNT OF \$30,424 AND TO RETAIN A SECURITIES INDUSTRY CONSULTANT. PURSUANT TO





THE  
AGREEMENT THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS  
FILED BY ARAGON FOR REGISTRATION OF ITS BRANCH OFFICES IN  
FLORIDA.

#### Regulator Statement

CONTACT: NANCY WOOD (850) 488-9530

#### Reporting Source:

Firm

#### Current Status:

Final

#### Allegations:

FLORIDA DEPT OF BANKING AND FINANCE ALLEGED THAT ARAGON  
FINANCIAL SERVICES CONDUCTED SECURITIES BUSINESS FROM BRANCH  
OFFICE LOCATIONS IN FLORIDA WITHOUT BENEFIT OF LAWFUL  
REGISTRATION.

#### Initiated By:

THE FLORIDA DEPT OF BANKING AND FINANCE

#### Date Initiated:

12/17/1997

#### Docket/Case Number:

2598-S-12/97

#### Principal Product Type:

No Product

#### Other Product Type(s):

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

Other

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

RETAIN SECURITIES INDUSTRY CONSULTANT.

#### Resolution:

Order

#### Resolution Date:

12/17/1997

#### Sanctions Ordered:

Monetary/Fine \$30,424.00

#### Other Sanctions Ordered:

#### Sanction Details:

FINE IN THE AMOUNT OF \$30,424.00

#### Firm Statement

ON 12/17/97 THE FLORIDA DEPARTMENT OF BANKING AND FINANCE  
ISSUED A FINAL ORDER ENTERING INTO A STIPULATION AND CONSENT  
AGREEMENT REGARDING RESPONDENT ARAGON FINANCIAL  
SERVICES, INC. THE FINAL ORDER INCORPORATED THE STIPULATION AND  
CONSENT AGREEMENT DATED 12/16/97, IN WHICH THE RESPONDENT  
ARAGON FINANCIAL SERVICES CONSENTED TO THE FINDINGS BY THE  
DEPARTMENT THAT THEY CONDUCTED SECURITIES BUSINESS THROUGH  
THE "NON-RENEWED" BRANCH OFFICES WITHOUT BENEFIT OF LAWFUL  
REGISTRATION. IN ACCORDANCE WITH THE AGREEMENT, THE



RESPONDENT ARAGON FINANCIAL AGREED TO PAY A FINE IN THE AMOUNT OF \$30,424.00 AND TO RETAIN A SECURITIES INDUSTRY CONSULTANT. PERSUANT TO THE AGREEMENT THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS FILED BY ARAGON FOR REGISTRATION OF IT'S BRANCH OFFICES IN FLORIDA.

Disclosure 8 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/07/1998
Docket/Case Number:	C02970063
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/07/1998
Sanctions Ordered:	Censure Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	ON JANUARY 7, 1998, DISTRICT NO. 2 NOTIFIED RESPONDENTS ARAGON FINANCIAL SERVICES, INC., DOUGLAS L. LISH, AND JOHN G. COUGHLIN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C02970063 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY - (NASD RULE 2110 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS LISH AND COUGHLIN, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS MINIMUM REQUIRED NET CAPITAL).



\*\*\*\*\* \$5,000 PAID J&S ON 1/30/98, INVOICE NO. 98-02-119 \*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** PRACTICE VIOLATION OF CONDUCT RULE 2110 BY ALLOWING A NET CAPITAL DEFICIENCY TO OCCUR.

**Initiated By:** NASD DISTRICT 2

**Date Initiated:** 01/07/1998

**Docket/Case Number:** C02970063

**Principal Product Type:** Other

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FINED \$5,000.00

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

**Resolution Date:** 01/07/1998

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

**Other Sanctions Ordered:**

**Sanction Details:** CORRECTED NET CAPITAL DEFICIENCY AND CENSURED A \$5,000.00 FINE JOINT AND SEVERAL WITH JOHN G. COUGHLIN.

**Firm Statement** ON JANUARY 7, 1998, DISTRICT NO.2 NOTIFIED RESPONDENTS ARAGON FINANCIAL SERVICES, INC., DOUG L. LISH AND JOHN G. COUGHLIN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C02970063 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$5,000 PAID J&S ON 2/98, INVOICE NO. 98-02-119

#### Disclosure 9 of 11

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** ARAGON FAILED TO PERFORM ADEQUATE DUE DILIGENCE ON A SECURITY IT SOLD IN NEW MEXICO AND FAILED TO



ADEQUATELY SUPERVISE TWO SALES REPRESENTATIVES IN NEW MEXICO.

**Initiated By:** NEW MEXICO SECURITIES DIVISION

**Date Initiated:** 08/12/1996

**Docket/Case Number:** 94-083

**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:** 08/12/1996

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

**Other Sanctions Ordered:**

**Sanction Details:** AN ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE SANCTIONS WAS ISSUED ON 8/18/95 ALLEGING THAT ARAGON FINANCIAL SERVICES FAILED TO PERFORM ADEQUATE DUE DILIGENCE ON CONTINENTAL CAPITOL INCOME FUND II BEFORE OFFERING IT FOR SALE IN NEW MEXICO. THE ORDER ALSO ALLEGED THAT ARAGON FAILED TO ADEQUATELY SUPERVISE TWO SALES REPRESENTATIVES SELLING THE AFOREMENTIONED SECURITY IN NEW MEXICO. ON 8/12/96 ARAGON ENTERED INTO A CONSENT AGREEMENT WITH THE SECURITIES DIVISION WHEREAS THE ORDER TO CEASE AND DESIST WAS WITHDRAWN. ARAGON WAS CENSURED FOR FAILURE TO PERFORM ADEQUATE DUE DILIGENCE WITH RESPECT TO THE SALE OF CONTINENTAL CAPITAL INCOME FUND II AND FOR FAILURE TO ADEQUATELY SUPERVISE TWO SALES AGENTS IN NEW MEXICO; ARAGON WAS ASSESSED A CIVIL PENALTY IN THE AMOUNT OF \$500; AND, ARAGON WAS ASSESSED COSTS OF INVESTIGATION IN THE AMOUNT OF \$1,500.

**Regulator Statement** CONTACT: KENNETH ALESSIO (505) 827-7140

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	ARAGON FAILED TO PERFORM ADEQUATE DUE DILLIGENCE ON A SECURITY IT SOLD IN NEW MEXICO AND FAILED TO ADEQUATELY SUPERVISE TWO SALES REPRESENTATIVES IN NEW MEXICO.
<b>Initiated By:</b>	NEW MEXICO SECURITIES DIVISION.
<b>Date Initiated:</b>	08/12/1996
<b>Docket/Case Number:</b>	94-083
<b>Principal Product Type:</b>	Direct Investment(s) - DPP & LP Interest(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL PENILTY OF \$500.00 AND COST OF INVESTIGATION IN THE AMOUNT OF \$1,500.00.
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/12/1996
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	CENSURE IN THE AMOUNT OF \$1,500.00
<b>Sanction Details:</b>	AN ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE SANCTIONS WAS ISSUED ON 8/18/95 ALLEGING THAT ARAGON FINANCIAL SERVICES FAILED TO PERFORM ADEQUATE DUE DILLIGENCE ON CONTINENTAL CAPITAL INCOME FUND II BEFORE OFFEREING IT FOR SALE IN NEW MEXICO. THE ORDER ALSO ALLEGED THAT ARAGON FAILED TO ADEQUATELY SUPERVISE TWO SALES REPRESENTATIVES SELLING AFORMENTIONED SECURITY IN NEW MEXICO. ON 8/12/96 ARAGON ENTERED INTO A CONSENT AGREEMENT WITH THE SECURITIES DIVISION WHEREAS THE ORDER TO CEASE AND DESIST WAS WITHDRAWN. ARAGON WAS CENSURED FOR FAILURE TO PERFORM ADEQUATE DUE DILLIGENCE WITH REPECT TO THE SALE OF CONTINENTAL CAPITAL INCOME FUND II AND FOR FAILURE TO ADEQUATLEY SUPERVISE TWO SALES AGENTS IN NEW MEXICO; ARAON WAS ASSESSED A CIVIL PENALITY IN THE AMOUNT OF \$500.00; AND ARAGON WAS ASSESSED COST OF INVESTIGATION IN THE AMOUNT OF \$1,500.00.

#### Disclosure 10 of 11

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** THE DEPARTMENT ALLEGES THAT ARAGON FINANCIAL SERVICES, INC. AND DOUGLAS L. LISH VIOLATED SUPERVISION PROVISIONS OF CHAPTER 517, FLORIDA STATUTES AND THE RULES OF THE DEPARTMENT.

**Initiated By:** FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION

**Date Initiated:** 12/02/1995

**Docket/Case Number:** 2210-S-6/95

**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:** 12/12/1995

**Sanctions Ordered:** Monetary/Fine \$2,500.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** ON 12/12/95, THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ISSUED A FINAL ORDER ENTERING INTO A STIPULATION AND CONSENT AGREEMENT REGARDING THE RESPONDENTS ARAGON FINANCIAL SERVICES, INC. (ARAGON) AND DOUGLAS L. LISH (LISH). THE FINAL ORDER INCORPORATES THE STIPULATION AND CONSENT AGREEMENT, DATED 11/29/95, IN WHICH THE RESPONDENTS NEITHER ADMIT NOR DENY THAT THEY HAVE VIOLATED CHAPTER 517, FLORIDA STATUTES. IN ACCORDANCE WITH THE AGREEMENT THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS FOR REGISTRATION FOR BRANCH OFFICES IN FLORIDA, EFFECTIVE 12/12/95. THE TERMS OF THE AGREEMENT REQUIREMENT ARAGON AND LISH TO IMMEDIATELY CEASE AND DESIST FROM ANY AND ALL VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES; ARAGON TO PAY \$10,000 TO SETTLE A CUSTOMER COMPLAINT; ARAGON AND LISH, JOINTLY OR SEVERALLY, TO PAY \$2,500 ADMINISTRATIVE FINE AND \$3,000 FOR COSTS OF THE



INVESTIGATION AND FOR LISH TO SUSPEND ALL SUPERVISORY ACTIVITIES WITHIN THE STATE OF FLORIDA UNTIL HE RETAKES AND PASSES THE NASD SERIES 24 EXAMINATION

### Regulator Statement

CONTACT: HOLLY HINSON (904) 488-9805

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE DEPARTMENT ALLEGES THAT ARAGON FINANCIAL SERVICES, INC. AND DOUG L. LISH VIOLATED THE SUPERVISION PROVISIONS OF CHAPTER 517, FLORIDA STATUTES AND RULES IF THE DEPARTMENT.

**Initiated By:** FLORIDA DEPARTEMNT OF BANKING AND FINANCE/DIVISION OF SECURITIES

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

**Docket/Case Number:** 2210-S-6/95

**Principal Product Type:** Other

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** ARAGON TO PAY \$10,000 TO SETTLE CUSTOMER COMPLAINT. ARAGON AND LISH, JOINTLY OR SEVERALLY, TO PAY \$2,500 ADMINSTRATIVE FINE, AND \$3,000 FOR COST OF THE INVESTIGATION, AND FOR LISH TO SUSPEND ALL SUPERVISORY ACTIVITIES WITHIN THE STATE OF FLORIDA UNTIL HE RETAKES AND PASSES THE NASD SERIES 24 EXAM.

**Resolution:** Stipulation and Consent

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

**Sanctions Ordered:** Monetary/Fine \$2,500.00  
Suspension  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** ON 12/12/95, THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ISSUED A FINAL ORDER ENTERING INTO A STIPUALTION AND CONSENT AGREEMENT REGARDING THE RESPONDENTS ARAGON FINANCIAL SERVICES, INC. (ARAGON) AND DOUGLAS L. LISH. THE FINAL ORDER INCORPORATES THE STIPUALTION AND CONSENT AGREEMENT, DATED 11/29/95, IN WHICH THE RESPONDENTS NEITHER ADMIT NOR DENY THAT THEY HAVE VIOLATED CHAPTER 517, FLORIDA STATUTES. IN



ACCORDANCE WITH THE AGREEMENT THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS FOR REGISTRATION OF BRANCHES IN FLORIDA, EFFECTIVE 12/12/95. THE TERMS OF THE AGREEMENT REQUIRE ARAGON AND LISH TO IMMEDIATELY CEASE AND DESIST FROM ANY AND ALL VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES; ARAGON TO PAY \$10,000 TO SETTLE CUSTOMER COMPLAINT; ARAGON AND LISH, JOINTLY AND SEVERALLY, TO PAY \$2,500 ADMINISTRATIVE FINE AND \$3,000 FOR COST OF THE INVESTIGATION AND FOR LISH TO SUSPEND ALL SUPERVISORY ACTIVITIES WITHIN THE STATE OF FLORIDA UNTIL HE RETAKE AND PASSES THE NASD SERIES 24 EXAM,

#### Disclosure 11 of 11

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLATIONS OF ARTICLE III, SECTIONS 1, 2, 27 AND 33 OF THE RULES OF FAIR PRACTICE
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	03/25/1996
<b>Docket/Case Number:</b>	C07960016
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	03/13/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	RESPONDENT MEMBER IS REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM THAT IS MUTUALLY AGREEABLE TO BOTH THE RESPONDENTS AND NASDR SO THE INDEPENDENT CONSULTANT CAN CONDUCT A REVIEW OF RESPONDENT MEMBER'S COMPLIANCE AND SUPERVISORY PROCEDURES TO DETERMINE THEIR ADEQUACY.
<b>Sanction Details:</b>	\$10,000 PAID J&S ON 8/31/98, INVOICE NO. 97-07-217
<b>Regulator Statement</b>	[TOP] COMPLAINT NO. C07960016 FILED 3/25/96 BY DISTRICT NO. 7





AGAINST RESPONDENTS ARAGON FINANCIAL SERVICES, INC., ET.AL., ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 2, 27 AND 33 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT CANNON RECOMMENDED TO A PUBLIC CUSTOMER SECURITIES TRANSACTIONS WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR SUCH CUSTOMER UPON THE BASIS OF THE FACTS DISCLOSED BY THE CUSTOMER AS TO HER TAX STATUS, INVESTMENT OBJECTIVE, AND FINANCIAL SITUATION AND NEEDS; AND, RESPONDENT MEMBER, ACTING THROUGH RESPONDENT LISH, FAILED TO ESTABLISH OR MAINTAIN AN ADEQUATE WRITTEN SUPERVISORY PROCEDURE PERTAINING TO THE OVERSIGHT OF THE SALES PRACTICES EMPLOYED BY REPRESENTATIVES, SUCH AS RESPONDENT CANNON. ON 3/13/97, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND LISH WAS ISSUED; THEREFORE, THEY ARE CENSURED AND FINED \$10,000, JOINTLY AND SEVERALLY; RESPONDENT MEMBER IS REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM THAT IS MUTUALLY AGREEABLE TO BOTH THE RESPONDENTS AND NASDR SO THE INDEPENDENT CONSULTANT CAN CONDUCT A REVIEW OF RESPONDENT MEMBER'S COMPLIANCE AND SUPERVISORY PROCEDURES TO DETERMINE THEIR ADEQUACY. RESPONDENT MEMBER SHALL HAVE A REASONABLE AMOUNT OF TIME WITHIN WHICH TO PROCURE THE INDEPENDENT CONSULTANT, HOWEVER, THE INDEPENDENT CONSULTANT WILL BE RETAINED, AND THE REVIEW WILL COMMENCE, NO LATER THAN 60 DAYS FROM THE DATE OF THE ACCEPTANCE OF THIS OFFER BY THE NBCC. THE REVIEW ITSELF SHALL BE COMPLETED NO LATER THAN 120 DAYS FROM THE DATE OF THE ACCEPTANCE OF THIS OFFER BY THE NBCC. ALL FEES, EXPENSES AND COSTS ASSOCIATED WITH THE INDEPENDENT CONSULTANT AND THE REVIEW SHALL BE PAID BY RESPONDENT MEMBER. UPON COMPLETION OF THE REVIEW, A COPY OF THE INDEPENDENT CONSULTANT'S REPORT SHALL BE PROVIDED TO NASDR;

\*\*\* \$10,000 PAID J&S ON 8/31/98, INVOICE NO. 97-07-217 \*\*\*

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	CANNON RECOMMENDED TO A PUBLIC CUSTOMER SECURITIES TRANSACTIONS WITHOUT REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE BASED UPON THE FACTS DISCLOSED. LISH FAILED TO SUPERVISE CANNON ADEQUATELY SO AS TO BE ABLE TO DETECT THE UNSUITABLE RECOMMENDATION OF CANNON.
<b>Initiated By:</b>	NASD DBCC #7



<b>Date Initiated:</b>	03/25/1996
<b>Docket/Case Number:</b>	CO7960016
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	ARAGON WAS REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM. LISH WAS REQUIRED TO REQUALIFY AS A GENERAL SECURITIES PRINCIPAL BY TAKING AND PASSING THE SERIES 24 EXAMINATION PRIOR TO 4/1/97.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/13/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	1.WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CONSENT TO ENTRY OF FINDINGS OF FACTS & VIOLATIONS: 2. IMPOSING \$10,000 FINE: 3. LISH TO REQUALIFY AS GP BY RE-TAKING AND PASSING S24 PRIOR TO 4/1/97 AND 4. ARAGON TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ARAGON'S COMPLIANCE & SUPERVISORY PROCEDURES WAS COMPLETED BY BENNETT WHIPPLE, BIG CANOE, GA ON 7/14/97.
<b>Firm Statement</b>	(TOP) COMPLAINT NO. CO7960016 FILED 3/35/96 BY DISTRICT NO. 7 AGAINST ARAGON FINANCIAL SERVICES, INC., THOMAS CANNON, AND DOUG L. LISH ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1,2,27 AND 33 OF THE RULES OF FAIR PRACTICE IN THAT CANNON RECOMMENDED TO A PUBLIC CUSTOMER SECURITIES TRANSACTIONS WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR SUCH CUSTOMER UPON THE BASIS OF THE FACTS DISCLOSED BY THE CUSTOMER AS TO HER TAX STATUS, INVESTMENT OJECTIVE, AND FINANCIAL SITUATION AND NEEDS. LISH FAILED TO SUPERVISE CANNON ADEQUATLEY SO AS TO BE ABLE TO DETECT WRITTEN SUPERVISORY PROCEDURE PERTAINING TO THE OVERSIGHT OF THE SALES PRACTICES EMPLOYEED BY REPRESENTATIVES. ON 03/13/97, THE DECISION AN ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND LISH WAS ISSUED; THEY ARE CENSURED AND FINED \$10,000 JOINTLY AND SEVERALLY. RESPONDENT MEMBER IS REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM THAT IS MUTALLY AGREEABLE TO RESPONDENTS AND NASDR SO THE CONSULTANT CAN CONDUCT A REVIEW OF RESPONDENT



MEMBER'S COMPLIANCE AND SUPERVISORY PROCEDURES TO DETERMINE THEIR ADEQUACY. RESPONDENT MEMBER SHALL HAVE A REASONABLE AMOUNT OF TIME WITHIN WHICH TO PROCURE THE CONSULTANT. THE INDEPENDENT CONSULTANT'S REPORT SHALL BE PROVIDED TO NASDR; AND LISH IS REQUIRED TO REQUALIFY AS A GENERAL SECURITIES PRINCIPAL BY TAKING AND PASSING THE SERIES 24 EXAMINATION PRIOR TO 4/1/97.\*\*\*\*\* \$10,000 PAID J&S ON 3/35/97, INVOICE NO. 97-07-217\*\*\*\*



## Arbitration Award - Award / Judgment

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

The full text of arbitration awards issued by FINRA is available at [www.finra.org/awardsonline](http://www.finra.org/awardsonline).

### Disclosure 1 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	03/24/2000
<b>Case Number:</b>	<a href="#">00-00824</a>
<b>Disputed Product Type:</b>	UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$177,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	06/19/2002
<b>Sum of All Relief Awarded:</b>	\$67,150.00

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 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-OTHER
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/11/2000
<b>Case Number:</b>	<a href="#">00-02601</a>



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

**Sum of All Relief Requested:** \$490,177.19

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 11/20/2001

**Sum of All Relief Awarded:** \$65,000.00

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 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 01/08/2001

**Case Number:** [01-00037](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$88,000.01

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/08/2002

**Sum of All Relief Awarded:** \$78,000.01

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

#### Disclosure 4 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD



**Case Initiated:** 05/03/2002

**Case Number:** [02-02414](#)

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

**Sum of All Relief Requested:** \$617,534.03

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/15/2003

**Sum of All Relief Awarded:** \$617,909.06

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

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#### Disclosure 5 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 10/14/2003

**Case Number:** [03-06830](#)

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

**Sum of All Relief Requested:** \$400,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/06/2004

**Sum of All Relief Awarded:** \$184,900.01

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

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#### Disclosure 6 of 14

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-OTHER;  
NO OTHER CONTROVERSY INVOLVED



**Arbitration Forum:** NASD  
**Case Initiated:** 04/14/2004  
**Case Number:** [04-01022](#)  
**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$11,325.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/16/2004  
**Sum of All Relief Awarded:** \$8,825.01

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

#### Disclosure 7 of 14

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 06/17/1994  
**Case Number:** [94-01703](#)  
**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$140,783.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 04/06/1995  
**Sum of All Relief Awarded:** \$21,457.49

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

#### Disclosure 8 of 14

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION



<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	06/20/1995
<b>Case Number:</b>	<a href="#">95-02876</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
<b>Sum of All Relief Requested:</b>	\$400,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	03/18/1997
<b>Sum of All Relief Awarded:</b>	\$900,000.00

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

#### Disclosure 9 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	07/27/1995
<b>Case Number:</b>	<a href="#">95-03557</a>
<b>Disputed Product Type:</b>	ANNUITIES; COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
<b>Sum of All Relief Requested:</b>	Unspecified Damages
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	06/11/1996
<b>Sum of All Relief Awarded:</b>	\$190,719.00

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 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/20/1998
<b>Case Number:</b>	<a href="#">97-05663</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
<b>Sum of All Relief Requested:</b>	\$146,486.60
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	12/16/1998
<b>Sum of All Relief Awarded:</b>	\$63,456.00

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

#### Disclosure 11 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/21/1998
<b>Case Number:</b>	<a href="#">98-01661</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$216,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	03/17/1999
<b>Sum of All Relief Awarded:</b>	\$178,535.00

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

#### Disclosure 12 of 14

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	09/28/1998
<b>Case Number:</b>	<a href="#">98-03395</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$238,390.52
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	12/22/1999
<b>Sum of All Relief Awarded:</b>	\$157,850.03

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

#### Disclosure 13 of 14

<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>	05/11/1999
<b>Case Number:</b>	<a href="#">99-00950</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$70,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	01/11/2001



**Sum of All Relief Awarded:** \$63,949.48

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

**Disclosure 14 of 14**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	10/22/1999
<b>Case Number:</b>	<a href="#">99-03730</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$7,902.40
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/16/2000
<b>Sum of All Relief Awarded:</b>	\$4,082.00

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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