

## BrokerCheck Report

### H. BECK, INC.

CRD# 1763

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## 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](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)



## H. BECK, INC.

CRD# 1763

SEC# 8-31165

### Main Office Location

2440 RESEARCH BOULEVARD  
SUITE 500  
ROCKVILLE, MD 20850  
Regulated by FINRA Philadelphia Office

### Mailing Address

2440 RESEARCH BOULEVARD  
SUITE 500  
ROCKVILLE, MD 20850

### Business Telephone Number

301-944-5900

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

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

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a corporation.

This firm was formed in Maryland on 01/05/1984.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

This firm is registered with:

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

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

This firm conducts 14 types of businesses.

This firm is affiliated with financial or investment institutions.

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

### Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	18
Arbitration	3



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Maryland on 01/05/1984.

Its fiscal year ends in December.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### H. BECK, INC.

Doing business as H. BECK, INC.

CRD# 1763

SEC# 8-31165

### Main Office Location

2440 RESEARCH BOULEVARD  
SUITE 500  
ROCKVILLE, MD 20850

Regulated by FINRA Philadelphia Office

### Mailing Address

2440 RESEARCH BOULEVARD  
SUITE 500  
ROCKVILLE, MD 20850

### Business Telephone Number

301-944-5900



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	KESTRA FINANCIAL INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	100 % SHAREHOLDER
<b>Position Start Date</b>	12/2017
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	ALBINO, JASON R 2891263
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	SENIOR VICE PRESIDENT & CHIEF COMPLIANCE OFFICER
<b>Position Start Date</b>	02/2018
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	BARRY, MICHELLE ANNE 2744539
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRESIDENT
<b>Position Start Date</b>	01/2018

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** BENNETT, JOEL VAN  
2047878

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

**Position** ASSISTANT VICE PRESIDENT

**Position Start Date** 07/2018

**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

**Legal Name & CRD# (if any):** HOLDEN, COURTNEY E.  
6416729

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

**Position** ASSISTANT SECRETARY

**Position Start Date** 07/2018

**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

**Legal Name & CRD# (if any):** JEAN, CLINELLE ARMINTA

**Firm Profile****Direct Owners and Executive Officers (continued)**

	2865111
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRINCIPAL TRADER
<b>Position Start Date</b>	08/2011
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	NORWOOD, ROBERT BREDT 2536685
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	ASSISTANT VICE PRESIDENT & DIRECTOR
<b>Position Start Date</b>	12/2017
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	POER, JAMES LYNN 1983357
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	ASSISTANT VICE PRESIDENT & DIRECTOR
<b>Position Start Date</b>	12/2017
<b>Percentage of Ownership</b>	Less than 5%



## Firm Profile

### Direct Owners and Executive Officers (continued)

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

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

**Legal Name & CRD# (if any):** ROBERTS, CHRISTOPHER RYAN  
4199623

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

**Position** SENIOR VICE PRESIDENT & SALES SUPPORT

**Position Start Date** 05/2018

**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

**Legal Name & CRD# (if any):** THORSON, SCOTT CARL  
1651412

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

**Position** FNOP, EXECUTIVE VICE PRESIDENT, TREASURER & CHIEF OPERATING OFFICER

**Position Start Date** 07/2017

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** VANDERHEYDEN, JOHN PATRICK



**Firm Profile****Direct Owners and Executive Officers (continued)**

2235802

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

**Position** ASSISTANT VICE PRESIDENT & DIRECTOR

**Position Start Date** 12/2017

**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):** YIN, YIN

3219513

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

**Position** ASSISTANT SECRETARY

**Position Start Date** 07/2018

**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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## Firm Profile

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

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	KESTRA ADVISOR SERVICES HOLDING A, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	KESTRA ADVISOR SERVICES HOLDINGS B, INC.
<b>Relationship to Direct Owner</b>	OWNER
<b>Relationship Established</b>	12/2017
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	KESTRA ADVISOR SERVICES HOLDING B, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	KESTRA ADVISOR SERVICES HOLDING C, INC.
<b>Relationship to Direct Owner</b>	OWNER
<b>Relationship Established</b>	12/2017
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	KESTRA ADVISOR SERVICES HOLDING C, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity

## Firm Profile



### Indirect Owners (continued)

**Company through which indirect ownership is established** KESTRA FINANCIAL, INC.

**Relationship to Direct Owner** OWNER

**Relationship Established** 12/2017

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** KESTRA FINANCIAL HOLDINGS, LP

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

**Company through which indirect ownership is established** KESTRA ADVISOR SERVICES HOLDING A, INC.

**Relationship to Direct Owner** OWNER

**Relationship Established** 12/2017

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** KESTRA FINANCIAL HOLDINGS GP, LLC

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

**Company through which indirect ownership is established** KESTRA FINANCIAL HOLDINGS LP

**Relationship to Direct Owner** GENERAL PARTNER

**Relationship Established** 12/2017



## Firm Profile

### Indirect Owners (continued)

**Percentage of Ownership** Other General Partners

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

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

**Legal Name & CRD# (if any):** TRIDENT VI PARALLEL FUND, LP

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

**Company through which indirect ownership is established** KESTRA FINANCIAL HOLDINGS LP

**Relationship to Direct Owner** MEMBER

**Relationship Established** 12/2017

**Percentage of Ownership** Other General Partners

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

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

**Legal Name & CRD# (if any):** TRIDENT VI, LP

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

**Company through which indirect ownership is established** KESTRA FINANCIAL HOLDINGS LP

**Relationship to Direct Owner** MEMBER

**Relationship Established** 12/2017

**Percentage of Ownership** Other General Partners

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

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

## Firm Profile



### Indirect Owners (continued) company?

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## Firm History

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

No information reported.





## Firm Operations

### Registrations

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

**This firm is currently registered with the SEC, 1 SRO and 52 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	02/01/1984

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	08/09/1954



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	07/02/1984
Alaska	Approved	01/26/1989
Arizona	Approved	06/26/1984
Arkansas	Approved	04/16/1985
California	Approved	05/22/1984
Colorado	Approved	05/11/1984
Connecticut	Approved	07/06/1984
Delaware	Approved	03/19/1984
District of Columbia	Approved	02/26/1965
Florida	Approved	04/27/1984
Georgia	Approved	03/30/1984
Hawaii	Approved	10/15/1984
Idaho	Approved	05/16/1989
Illinois	Approved	11/19/1984
Indiana	Approved	10/02/1984
Iowa	Approved	07/09/1986
Kansas	Approved	04/28/1989
Kentucky	Approved	05/13/1986
Louisiana	Approved	04/07/1988
Maine	Approved	06/01/1988
Maryland	Approved	10/03/1981
Massachusetts	Approved	12/10/1984
Michigan	Approved	02/25/1985
Minnesota	Approved	05/21/1984
Mississippi	Approved	07/27/1988
Missouri	Approved	03/06/1987
Montana	Approved	05/01/1989
Nebraska	Approved	05/13/1986
Nevada	Approved	06/24/1988
New Hampshire	Approved	09/18/1986
New Jersey	Approved	04/30/1986
New Mexico	Approved	06/06/1986
New York	Approved	08/15/1984

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	04/12/1984
North Dakota	Approved	03/28/1988
Ohio	Approved	08/03/1984
Oklahoma	Approved	01/24/1989
Oregon	Approved	05/30/1986
Pennsylvania	Approved	01/18/1985
Rhode Island	Approved	02/02/1988
South Carolina	Approved	02/09/1984
South Dakota	Approved	02/14/1989
Tennessee	Approved	03/30/1983
Texas	Approved	06/28/1984
Utah	Approved	11/02/1984
Vermont	Approved	06/15/1989
Virgin Islands	Approved	03/08/2006
Virginia	Approved	11/16/1982
Washington	Approved	04/21/1987
West Virginia	Approved	07/30/1984
Wisconsin	Approved	10/08/1984
Wyoming	Approved	05/03/1989





## 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 14 types of businesses.**

#### Types of Business

- Broker or dealer retailing corporate equity securities over-the-counter
- Broker or dealer selling corporate debt securities
- Underwriter or selling group participant (corporate securities other than mutual funds)
- Mutual fund retailer
- U S. government securities dealer
- U S. government securities broker
- Municipal securities dealer
- 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
- Investment advisory services
- Broker or dealer selling tax shelters or limited partnerships in primary distributions
- 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 refer or introduce customers to other brokers and dealers.

<b>Name:</b>	PERSHING LLC
<b>CRD #:</b>	7560
<b>Business Address:</b>	ONE' J', NJ 07399
<b>Effective Date:</b>	04/01/2001
<b>Description:</b>	ALL SECURITIES TRANSACTIONS ARE CLEARED THROUGH PERSHING LLC. ON A FULLY DISCLOSED.

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## Firm Operations

### Industry Arrangements



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

**Name:** DOCUPACE TECHNOLOGIES, LLC

**Business Address:** 11766 WILSHIRE BOULEVARD  
SUITE 1120  
LOS ANGELES, CA 90025

**Effective Date:** 10/05/2018

**Description:** DOCUPACE TECHNOLOGIES, LLC HAS AGREED TO MAINTAIN ON BEHALF OF H. BECK, INC.(HBI), A BACKUP COPY OF, AND ACCESS TO, THE SOFTWARE, DATABASES, AND OPTICAL DISK MEDIA THAT ARE CREATED FOR THE STORAGE AND RETRIEVAL OF HBI RECORDS.

**Name:** IRON MOUNTAIN

**Business Address:** 1 FEDERAL STREET  
BOSTON, MA 02110

**Effective Date:** 04/01/2014

**Description:** IRON MOUNTAIN AND H. BECK, INC. HAVE AN AGREEMENT TO MAINTAIN THE FIRMS OLD RECORDS.

**Name:** MARKETINGPRO, INC.

**Business Address:** 2226 N COAST HWY #320  
NEWPORT, OR 97365

**Effective Date:** 03/13/2013

**Description:** ELECTRONIC STORAGE SYSTEM FOR THE ARCHIVING OF DOCUMENTS CAPTURED INTO MLN SYSTEM. THIS IMPLEMENTATION WILL LEVERAGE WRITE-ONCE-READ-MANY ("WORM") STORAGE AND THE MLN SYSTEM APPLICATION LAYER WHICH DOES NOT ALLOW END USERS TO DELETE DOCUMENTS FROM THE SYSTEM. THE MARKETING LIBRARY.NET, INC.SYSTEM TRACKS THE HISTORY OF ALL DOCUMENTS IN THE SYSTEM.

**Name:** KANSEI SYSTEM ENGINEERING

**Business Address:** 8620 LOHAVEN DRIVE  
GAITHERSBURG, MD 20882-4466

**Effective Date:** 11/10/2008

**Description:** KANSEI SYSTEM ENGINEERING, LLC HAS AGREED TO MAINTAIN ON BEHALF OF H. BECK, INC.(HBI), A BACKUP COPY OF, AND ACCESS TO,

## Firm Operations



### Industry Arrangements (continued)

THE SOFTWARE, DATABASES, AND OPTICAL DISK MEDIA THAT ARE CREATED FOR THE STORAGE AND RETRIEVAL OF HBI RECORDS.

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**Name:** VERITAS TECHNOLOGIES, LLC

**Business Address:** 350 ELLIS STREET  
MOUNTAIN VIEW, CA 94043

**Effective Date:** 08/23/2003

**Description:** THE FIRM'S APPROVED WEBSITE VENDORS MAINTAIN OUR RECORDS FOR REVIEW AND APPROVAL OF WEBSITES SUBMITTED BY OUR REGISTERED REPRESENTATIVES TO VERITAS TECHNOLOGIES, LLC.

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**Name:** SMARSH INC.

**Business Address:** 921 SW WASHINGTON STREET  
SUITE 540  
PORTLAND, OR 92128

**Effective Date:** 08/23/2003

**Description:** THE FIRM'S APPROVED WEBSITE VENDORS MAINTAIN OUR RECORDS FOR REVIEW AND APPROVAL OF WEBSITES SUBMITTED BY OUR REGISTERED REPRESENTATIVES THROUGH THESE VENDORS.

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**Name:** EMERALD CONNECT, INC.

**Business Address:** 12395 WORLD TRADE DRIVE  
SANDIEGO, CA 92128

**Effective Date:** 08/23/2003

**Description:** THE FIRM'S APPROVED WEBSITE VENDORS MAINTAIN OUR RECORDS FOR REVIEW AND APPROVAL OF WEBSITES SUBMITTED BY OUR REGISTERED REPRESENTATIVES THROUGH THESE VENDORS.

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**Name:** REGED, INC.

**Business Address:** 2100 GATEWAY CENTRE BLVD.  
SUITE 200  
MORRISVILLE, NC 27560

**Effective Date:** 03/16/2005

**Description:** PORTION OF BOOKS AND RECORDS FOR: 1) RETAIL COMMUNICATION MATERIALS AND NON-ELECTRONIC CORRESPONDENCE; 2) FIRM ELEMENT CE; 3) OUTSIDE BUSINESS ACTIVITIES; 4) ANNUAL COMPLIANCE QUESTIONNAIRE; 5) ANNUAL COMPLIANCE MEETING; 6) PERSONAL SECURITIES ACCOUNTS; AND 7) REGULATORY CE AND ANNUAL RENEWAL NOTICES.

## Firm Operations



### Industry Arrangements (continued)

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

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
 NEW JERSEY, NJ 07399  
**Effective Date:** 04/01/2001  
**Description:** ALL SECURITIES TRANSACTIONS ARE CLEARED THROUGH PERSHING LLC. ON A FULLY DISCLOSED BASIS.

**Name:** REDTAIL TECHNOLOGY  
**Business Address:** 11285 PYRITES WAY  
 SUITE B  
 GOLD RIVER, CA 95670  
**Effective Date:** 04/06/2009  
**Description:** REDTAIL IS A CUSTOMER RELATIONSHIP MANAGEMENT (CRM) APPLICATION AVAILABLE TO THE FIRM'S REGISTERED REPRESENTATIVES AT THEIR ELECTION; THE RECORDS MAY INCLUDE INFORMATION REGARDING SECURITIES CLIENTS.

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

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
 J', NJ 07399  
**Effective Date:** 04/01/2011  
**Description:** ALL SECURITIES TRANSACTIONS ARE CLEARED THROUGH PERSHING LLC. ON A FULLY DISCLOSED.

### 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.

**PROVISE MANAGEMENT GROUP, LLC is under common control with the firm.**

<b>CRD #:</b>	105375
<b>Business Address:</b>	611 DRUID ROAD SUITE 105 CLEARWATER, FL 33756
<b>Effective Date:</b>	12/01/2017
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	APPLICANT AND PROVISE MANAGEMENT GROUP, LLC ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

**KESTRA ADVISORY SERVICES, LLC is under common control with the firm.**

<b>CRD #:</b>	283330
<b>Business Address:</b>	1250 CAPITAL OF TEXAS HWY S BLDG 2, SUITE 125 AUSTIN, TX 78746
<b>Effective Date:</b>	12/01/2017
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** APPLICANT AND KESTRA ADVISORY SERVICES, LLC ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

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**KESTRA PRIVATE WEALTH SERVICES, LLC is under common control with the firm.**

**CRD #:** 155193

**Business Address:** 3570 MOUNT CARMEL ROAD  
SUITE 150  
SAN DIEGO, CA 92130

**Effective Date:** 12/01/2017

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** APPLICANT AND KESTRA PRIVATE WEALTH SERVICES, LLC ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

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**KESTRA INSTITUTIONAL SERVICES, LLC is under common control with the firm.**

**CRD #:** 151790

**Business Address:** 1250 CAPITAL OF TEXAS HWY  
BLDG 2, SUITE 600  
AUSTIN, TX 78746

**Effective Date:** 12/01/2017

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** APPLICANT AND KESTRA INSTITUTIONAL SERVICES, LLC ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

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**BEACON FINANCIAL GROUP is under common control with the firm.**

**CRD #:** 110038

**Business Address:** 15301 SPECTRUM DRIVE

**Firm Operations****Organization Affiliates (continued)**

SUITE 350  
ADDISON, TX 75001

**Effective Date:** 12/01/2017

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** APPLICANT AND BEACON FINANCIAL GROUP ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

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**KESTRA INVESTMENT SERVICES, LLC is under common control with the firm.**

**CRD #:** 42046

**Business Address:** 5707 SOUTHWEST PARKWAY  
BUILDING 2, SUITE 400  
AUSTIN, TX 78735

**Effective Date:** 12/01/2017

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** APPLICANT AND KESTRA INVESTMENT SERVICES, LLC ARE BOTH OWNED BY THE SAME APPARENT COMPANY (KESTRA FINANCIAL INC.)

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**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank





## Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	18	0
Arbitration	N/A	3	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 18

**Reporting Source:** Regulator  
**Current Status:** Final



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE CONCERNING MULTI-SHARE CLASS VARIABLE ANNUITIES. THE FINDINGS STATED THAT THE FIRM SOLD VARIABLE ANNUITY CONTRACTS WITH THE OPTION OF DIFFERENT SHARE CLASSES, INCLUDING B-SHARE CONTRACTS AND L-SHARE CONTRACTS. MANY OF THE L-SHARE CONTRACTS HAD LONG-TERM RIDERS, AND SOME WERE SOLD TO CUSTOMERS WITH LONG-TERM INVESTMENT HORIZONS. THE FIRM'S WSPS FAILED TO ADDRESS SUITABILITY CONSIDERATIONS FOR SALES OF DIFFERENT VARIABLE ANNUITY SHARE CLASSES PERTAINING TO THE FEES, COSTS, AND SURRENDER PERIODS ASSOCIATED WITH DIFFERENT VARIABLE ANNUITY SHARE CLASSES. THE FIRM'S WSPS WERE SILENT AS TO THE POTENTIAL SUITABILITY CONCERNS RAISED BY THE SALE OF L-SHARE CONTRACTS TO CUSTOMERS WITH LONG-TERM TIME HORIZONS AND PARTICULARLY WHEN COMBINED WITH LONG-TERM RIDERS. THE FIRM'S SUPERVISORY SYSTEM FAILED TO PROVIDE SUFFICIENT VARIABLE ANNUITIES TRAINING TO ITS REGISTERED REPRESENTATIVES AND REVIEWING PRINCIPALS TO ENSURE THAT THEY UNDERSTOOD THE SUITABILITY CONSIDERATIONS AND MATERIAL FEATURES OF VARIABLE ANNUITIES, AS REQUIRED BY FINRA RULE 2330(E). THE FINDINGS ALSO STATED THE FIRM FAILED TO ENFORCE ITS WSPS REGARDING CONSOLIDATED REPORTS ISSUED BY REGISTERED REPRESENTATIVES TO CUSTOMERS. THE FIRM FAILED TO CONDUCT THE MANDATED HEIGHTENED REVIEW OF A SAMPLE OF THE CONSOLIDATED REPORTS CREATED BY REPRESENTATIVES, FAILED TO ENFORCE ITS PROHIBITION AGAINST MANUALLY CALCULATED PERFORMANCE DATA IN CONSOLIDATED REPORTS, AND THE FIRM'S BRANCH OFFICE INSPECTION PERSONNEL FAILED TO REVIEW CONSOLIDATED REPORTS ON CERTAIN OCCASIONS WHILE CONDUCTING INSPECTIONS OF BRANCH OFFICES.

**Initiated By:** FINRA

**Date Initiated:** 11/20/2018

**Docket/Case Number:** [2017052326501](#)

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

**Other Product Type(s):**

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

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

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



**Resolution Date:** 11/20/2018

**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 \$400,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$400,000, AND REQUIRED TO REVIEW AND REVISE, AS NECESSARY, THEIR SYSTEMS, POLICIES AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAININGS WITH RESPECT TO THE AREAS DESCRIBED WITHIN THE AWC. FINES PAID IN FULL ON DECEMBER 7, 2018.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO FINDINGS THAT IT FAILED TO ESTABLISH AND ENFORCE WRITTEN SUPERVISORY PROCEDURES, SYSTEMS AND TRAINING IN CONNECTION WITH THE SALE OF MULTI-SHARE CLASS VARIABLE ANNUITIES, INCLUDING L-SHARE CONTRACTS WITH LONG-TERM RIDERS AND B-SHARE CONTRACTS. THE FINDINGS ALSO STATED THE FIRM FAILED TO ENFORCE WRITTEN SUPERVISORY PROCEDURES IN CONNECTION WITH THE USE AND REVIEW OF CONSOLIDATED REPORTS ISSUED BY REGISTERED REPRESENTATIVES TO CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 11/20/2018

**Docket/Case Number:** [2017052326501](#)

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

**Other Product Type(s):**

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

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



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

**Resolution Date:** 11/20/2018

**Sanctions Ordered:** Censure  
Monetary/Fine \$400,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$400,000, AND REQUIRED TO REVIEW AND REVISE, AS NECESSARY, H. BECK'S SYSTEMS, POLICIES AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAININGS WITH RESPECT TO THE AREAS DESCRIBED WITHIN THE AWC.

#### Disclosure 2 of 18

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE OFFICE TOOK ACTION AGAINST H. BECK BECAUSE THE FIRM, THROUGH ITS BRANCH OFFICE SUPERVISOR, FAILED TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION AND H. BECK FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SYSTEM OF ADEQUATE SUPERVISORY CONTROLS OVER ITS WELL BRANCH OFFICE OPERATIONS.

**Initiated By:** MAINE OFFICE OF SECURITIES

**Date Initiated:** 12/05/2017

**Docket/Case Number:** 15-10858-1

**URL for Regulatory Action:** [HTTP://WWW.MAINE.GOV/PFR/SECURITIES/ADMINORDERS/DATE\\_LIST.SHTML](http://www.maine.gov/pfr/securities/adminorders/date_list.shtml)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 05/23/2018



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS REQUIRED TO PAY A CIVIL FINE \$10,000. THE CIVIL FINE WAS PAID ON MAY 15, 2018.
<b>Regulator Statement</b>	THE OFFICE CONDUCTED AN EXAMINATION OF THE WELLS BRANCH IN 2009 AND FOUND PROBLEMS INVOLVING FAILURE TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION. WHEN THE OFFICE RETURNED FOR ANOTHER EXAMINATION IN 2014, AND IT FOUND THAT THE BRANCH WAS STILL FAILING TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	H. BECK THROUGH ITS BRANCH OFFICE SUPERVISOR, FAILED TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION. H. BECK FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SYSTEM OF ADEQUATE SUPERVISORY CONTROLS OVER ITS BRANCH OFFICE.
<b>Initiated By:</b>	STATE OF MAINE OFFICE OF SECURITIES
<b>Date Initiated:</b>	05/23/2018
<b>Docket/Case Number:</b>	15-10858-1
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/23/2018



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

**Other Sanctions Ordered:**

**Sanction Details:** H. BECK WAS REQUIRED TO PAY A CIVIL FINE IN THE AMOUNT OF \$10,000.00. THE CIVIL FINE WAS PAID ON MAY 15,2018.

**Firm Statement** OFFICE OF SECURITIES CONDUCTED AN EXAMINATION OF A BRANCH OFFICE IN 2009 AND FOUND PROBLEMS INVOLVING FAILURE TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION. MAINE SECURITIES DIVISION RETURNED FOR ANOTHER EXAMINATION IN 2014, AND IT FOUND THAT THE BRANCH OFFICE WAS STILL FAILING TO PROTECT THE SECURITY AND CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION.

### Disclosure 3 of 18

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THROUGH ITS REGISTERED REPRESENTATIVE, IT MADE UNSUITABLE RECOMMENDATIONS TO THE FIRM'S CUSTOMER. THE FINDINGS STATED THAT THE UNSUITABLE RECOMMENDATIONS WERE FOR INVESTMENTS OF MORE THAN \$2.3 MILLION IN SEVERAL NON-TRADITIONAL EXCHANGE-TRADED FUNDS (ETFs) AND FOR INVESTMENTS OF APPROXIMATELY \$500,000 IN SEVERAL DIFFERENT EQUITIES, INCLUDING APPROXIMATELY \$375,000 IN STOCKS ISSUED BY COMPANIES IN THE METALS AND MINING SECTOR. THE CUSTOMER, A PROFESSIONAL ATHLETE WITH NO INVESTMENT EXPERIENCE, HAD A MODERATE RISK TOLERANCE, AND AN INVESTMENT OBJECTIVE OF LONG-TERM GROWTH. THE CUSTOMER LOST A TOTAL OF \$1,115,793 ON THESE INVESTMENTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ADDRESS THE UNIQUE RISKS ASSOCIATED WITH LEVERAGED AND INVERSE ETFs. AS A RESULT, THE FIRM FAILED TO ENSURE THAT THE SECURITIES THE REPRESENTATIVE RECOMMENDED TO THE CUSTOMER WERE CONSISTENT WITH HIS INVESTMENT PROFILE AND THEREFORE SUITABLE. THE FIRM FAILED TO IDENTIFY AND INVESTIGATE THESE TRANSACTIONS TO DETERMINE WHETHER THESE INVESTMENTS WERE SUITABLE FOR THE CUSTOMER. INDEED, THE FIRM'S TRADE SURVEILLANCE SYSTEM DID NOT FLAG FOR SUITABILITY REVIEW ANY OF THE REPRESENTATIVE'S SALES OF NONTRADITIONAL ETFs TO THE CUSTOMER. THE FIRM FAILED TO REASONABLY TAILOR ITS SYSTEMS AND PROCEDURES TO ADDRESS THE UNIQUE RISKS INVOLVED WITH INVESTING IN NONTRADITIONAL ETFs.



THE FIRM DID NOT PROVIDE SPECIFIC GUIDANCE TO ASSIST ITS BROKERS AND SUPERVISORS IN ASSESSING THE FACTORS THAT WOULD MAKE A NONTRADITIONAL ETF SUITABLE OR UNSUITABLE FOR A PARTICULAR INVESTOR. IT DID NOT PROVIDE ANY SPECIAL TRAINING RELATING TO THE SUITABILITY OF NONTRADITIONAL ETFS. ALSO, THE FIRM REVIEWED TRANSACTIONS INVOLVING NONTRADITIONAL ETFS IN THE SAME MANNER IT REVIEWED TRANSACTIONS INVOLVING STANDARD ETFS AND EQUITIES. ALTHOUGH THE FIRM USED A TRADE SURVEILLANCE SYSTEM TO MONITOR TRADING IN ITS CUSTOMERS' ACCOUNTS, IT DID NOT IMPLEMENT ANY PARAMETERS TO FLAG TRANSACTIONS INVOLVING NONTRADITIONAL ETFS FOR FURTHER REVIEW.

**Initiated By:** FINRA

**Date Initiated:** 09/27/2017

**Docket/Case Number:** [2016048675901](#)

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

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

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

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

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

**Resolution Date:** 09/27/2017

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$50,000. BEFORE EXECUTING THIS AWC, THE FIRM PAID THE CUSTOMER \$1.5 MILLION TO SETTLE HIS ARBITRATION CLAIMS AGAINST THE FIRM, WHICH AROSE, IN PART, FROM ITS REGISTERED REPRESENTATIVE'S RECOMMENDATIONS. AS A RESULT, THE FIRM IS NOT REQUIRED TO MAKE RESTITUTION AS PART OF THIS SETTLEMENT. FINES PAID IN FULL ON OCTOBER 5, 2017.





**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** H. BECK, ACTING THROUGH A REGISTERED REPRESENTATIVE, RECOMMENDED NONTRADITIONAL ETFs AND METALS AND MINING STOCKS WHICH WERE NOT SUITABLE IN VIOLATION OF NASD RULES 2310 AND 2110 AND FINRA RULES 2111 AND 2010. H. BECK FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ADDRESS THE UNIQUE RISKS ASSOCIATED WITH NONTRADITIONAL ETFs AND SPECIFICALLY FAILED TO SUPERVISE THE RECOMMENDATIONS BY ONE REGISTERED REPRESENTATIVE TO A CLIENT IN VIOLATION OF NASD RULES 3010(A)-(B) AND 2110 AND FINRA RULES 3110(A)-(B) AND 2010.

**Initiated By:** FINRA

**Date Initiated:** 09/27/2017

**Docket/Case Number:** [2016048675901](#)

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

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

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

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

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

**Resolution Date:** 09/27/2017

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS AND SOLELY FOR THE PURPOSES OF THAT PROCEEDING AND WITHOUT ADJUDICATION OF ANY ISSUE OF LAW OR FACT, THE FIRM ACCEPTED AND CONSENTED TO THE ENTRY OF FINDINGS AND TO THE IMPOSITION OF A CENSURE AND FINE OF \$50,000.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS AND SOLELY FOR THE PURPOSES OF THAT PROCEEDING AND WITHOUT ADJUDICATION OF ANY ISSUE OF LAW OR FACT, THE FIRM ACCEPTED AND CONSENTED TO THE ENTRY OF FINDINGS AND TO THE IMPOSITION OF A CENSURE AND FINE OF



\$50,000.

#### Disclosure 4 of 18

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGED THE FIRM FAILED TO CONDUCT ADEQUATE ON-GOING DUE DILIGENCE AND ADDRESS RED FLAGS IN RELATION TO THREE PRIVATE PLACEMENT OFFERINGS FROM MAY 2008 TO JANUARY 2009. FINRA FURTHER ALLEGED THAT SUCH FAILURE CONSTITUTED A FAILURE TO FOLLOW AND ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	08/12/2015
<b>Docket/Case Number:</b>	<a href="#">2011029195002</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	08/12/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$40,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$40,000. FINE PAID IN FULE ON AUGUST 21, 2015.
<b>Firm Statement</b>	PURSUANT TO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") WITH FINRA DATE 08/12/2015, THE FIRM CONSENTED TO A CENSURE AND A \$40,000.00 FINE TO SETTLE CERTAIN CHARGES UNDER CONSIDERATION BY THE DEPARTMENT OF ENFORCEMENT RELATING TO AN ALLEGED FAILURE TO CONDUCT ADEQUATE ONGOING DUE DILIGENCE ON THREE PRIVATE PLACEMENTS OFFERINGS FROM MAY 2008 TO JANUARY 2009.

#### Disclosure 5 of 18



**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). SPECIFICALLY THE FIRM FAILED TO CONDUCT ADEQUATE ON-GOING DUE DILIGENCE AND ADDRESS RED FLAGS IN RELATION TO THREE OFFERINGS FROM ONE ISSUER. THE FINDINGS STATED THAT THE FIRM'S WSPS PROVIDED THAT IT WOULD CONDUCT AN ON-GOING REVIEW OF THE COMPANIES WITH WHICH IT MAINTAINED A BUSINESS RELATIONSHIP AND WOULD REPORT ANY SIGNIFICANT DEVELOPMENTS TO SENIOR MANAGEMENT, HOWEVER, THE FIRM FAILED TO CONDUCT ADEQUATE ON-GOING DUE DILIGENCE ON THREE PRIVATE PLACEMENT FUNDS (COLLECTIVELY, THE "FUNDS"). THE FINDINGS ALSO STATED THAT THE FIRM RECEIVED AN EMAIL CONTAINING AUDITED FINANCIAL STATEMENTS FOR THE FUNDS AND THE FUNDS' INVESTMENT ADVISOR FOR FISCAL YEAR-END DECEMBER 2007. THOSE FINANCIAL STATEMENTS SHOWED A DETERIORATION IN THE FINANCIAL CONDITION OF THE FUNDS AND THE FUNDS' INVESTMENT ADVISOR WHEN COMPARED TO THE PREVIOUS YEAR'S FINANCIAL STATEMENTS AND THE FIRM FAILED TO DETECT AND INVESTIGATE FURTHER THE DETERIORATION OF THE FINANCIAL CONDITION OF THE FUNDS AND THE FUNDS' ADVISOR.

**Initiated By:** FINRA

**Date Initiated:** 08/12/2015

**Docket/Case Number:** [2011029195002](#)

**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:** 08/12/2015



**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 \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$40,000.  
FINE PAID IN FULL ON AUGUST 21, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA ALLEGED THE FIRM FAILED TO CONDUCT ADEQUATE ON-GOING DUE DILIGENCE AND ADDRESS RED FLAGS IN RELATION TO THREE PRIVATE PLACEMENT OFFERINGS FROM MAY 2008 TO JANUARY 2009. FINRA FURTHER ALLEGED THAT SUCH FAILURE CONSTITUTED A FAILURE TO FOLLOW AND ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** FINRA

**Date Initiated:** 08/12/2015

**Docket/Case Number:** [2011029195002](#)

**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:** 08/12/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**



<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO WHEREBY, H. BECK WAS CENSURED AND FINED \$40,000.00.
<b>Firm Statement</b>	PURSUANT TO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC") WITH FINRA DATE 08/12/2015, THE FIRM CONSENTED TO A CENSURE AND A \$40,000.00 FINE TO SETTLE CERTAIN CHARGES UNDER CONSIDERATION BY THE DEPARTMENT OF ENFORCEMENT RELATING TO AN ALLEGED FAILURE TO CONDUCT ADEQUATE ONGOING DUE DILIGENCE ON THREE PRIVATE PLACEMENTS OFFERINGS FROM MAY 2008 TO JANUARY 2009.

#### Disclosure 6 of 18

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs) AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPs) REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. THE FINDINGS STATED THAT THE FIRM RELIED PRIMARILY ON ITS REGISTERED REPRESENTATIVES TO ENSURE THAT CUSTOMERS RECEIVED AVAILABLE UIT SALES CHARGE DISCOUNTS, BUT FAILED TO APPROPRIATELY INFORM AND TRAIN REPRESENTATIVES AND THEIR SUPERVISORS TO IDENTIFY AND APPLY SUCH SALES CHARGE DISCOUNTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH A REASONABLE SUPERVISORY SYSTEM AND WSPs REGARDING THE USE OF CONSOLIDATED REPORTS. THE FIRM DID NOT ADEQUATELY ADDRESS MATTERS OF CONCERN SPECIFIC TO CONSOLIDATED REPORTS, SUCH AS THE VERIFICATION OF VALUATION INFORMATION PROVIDED OR ENSURING THAT REGISTERED REPRESENTATIVES RETAIN SUPPORTING DOCUMENTATION FOR SUCH VALUATIONS. IN ADDITION, CERTAIN REGISTERED REPRESENTATIVES SENT CONSOLIDATED REPORTS TO CUSTOMERS THAT WERE INACCURATE, PRIMARILY BECAUSE THE REPRESENTATIVES MANUALLY INPUTTED VALUATIONS OF CERTAIN ILLIQUID INVESTMENTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS WSPs REQUIRING NON-REGISTERED EMPLOYEES TO REGISTER WITH THE FIRM ANY OUTSIDE EMAIL ACCOUNTS USED FOR BUSINESS-RELATED COMMUNICATIONS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/30/2015



<b>Docket/Case Number:</b>	<a href="#">2012031552601</a>
<b>Principal Product Type:</b>	Unit Investment Trust(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/30/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$425,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$425,000. 4/14/2015 FINE PAID IN FULL.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs) AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. THE FINDINGS STATED THAT THE FIRM RELIED PRIMARILY ON ITS REGISTERED REPRESENTATIVES TO ENSURE THAT CUSTOMERS RECEIVED AVAILABLE UIT SALES CHARGE DISCOUNTS, BUT FAILED TO APPROPRIATELY INFORM AND TRAIN REPRESENTATIVES AND THEIR SUPERVISORS TO IDENTIFY AND APPLY SUCH SALES CHARGE DISCOUNTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH A REASONABLE SUPERVISORY SYSTEM AND WSPS



REGARDING THE USE OF CONSOLIDATED REPORTS. THE FIRM DID NOT ADEQUATELY ADDRESS MATTERS OF CONCERN SPECIFIC TO CONSOLIDATED REPORTS, SUCH AS THE VERIFICATION OF VALUATION INFORMATION PROVIDED OR ENSURING THAT REGISTERED REPRESENTATIVES RETAIN SUPPORTING DOCUMENTATION FOR SUCH VALUATIONS. IN ADDITION, CERTAIN REGISTERED REPRESENTATIVES SENT CONSOLIDATED REPORTS TO CUSTOMERS THAT WERE INACCURATE, PRIMARILY BECAUSE THE REPRESENTATIVES MANUALLY INPUTTED VALUATIONS OF CERTAIN ILLIQUID INVESTMENTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS WSPS REQUIRING NON-REGISTERED EMPLOYEES TO REGISTER WITH THE FIRM ANY OUTSIDE EMAIL ACCOUNTS USED FOR BUSINESS-RELATED COMMUNICATIONS

**Initiated By:** FINRA

**Date Initiated:** 03/30/2015

**Docket/Case Number:** [2012031552601](#)

**Principal Product Type:** Unit Investment Trust(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:** 03/30/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$425,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINE FOR \$425000.00

#### Disclosure 7 of 18

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** H. BECK, INC. FAILED TO SUPERVISE ITS REGISTERED REPRESENTATIVES OR OTHER EMPLOYEES TO ASSURE COMPLIANCE WITH THE ACT.

**Initiated By:** MASSACHUSETTS SECURITIES DIVISION



**Date Initiated:** 05/17/2012  
**Docket/Case Number:** E-2012-0035  
**URL for Regulatory Action:**  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 05/17/2012  
**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 \$90,000.00  
 Disgorgement/Restitution  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** H. BECK SHALL RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF H. BECK'S POLICIES, PROCEDURES, AND SUPERVISORY CONTROLS REGARDING OVERALL SUPERVISORY STRUCTURE FOR FIELD OFFICE SUPERVISION OF REGISTERED REPRESENTATIVES.  
**Sanction Details:** H. BECK SHALL REIMBURSE AGGRIEVED INVESTOR FOR LOSSES INCURRED WITH INTEREST. H. BECK SHALL PAY A FINE TO THE COMMONWEALTH IN THE AMOUNT OF \$90,000.00.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FAILED TO SUPERVISE ITS REGISTERED REPRESENTATIVES OR OTHER EMPLOYEES TO ASSURE COMPLIANCE WITH THE ACT.  
**Initiated By:** MASSACHUSETTS SECURITIES DIVISION  
**Date Initiated:** 05/17/2012





<b>Docket/Case Number:</b>	E-2012-0035
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/17/2012
<b>Sanctions Ordered:</b>	Monetary/Fine \$90,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF H. BECK'S POLICIES, PROCEDURES, AND SUPERVISORY CONTROLS REGARDING OVERALL SUPERVISORY STRUCTURE FOR FIELD OFFICE SUPERVISION OF REGISTERED REPRESENTATIVES.
<b>Sanction Details:</b>	REIMBURSE AGGRIEVED INVESTOR FOR LOSSES INCURRED WITH INTEREST. PAY A FINE TO THE COMMONWEALTH IN THE AMOUNT OF \$90,000.00.

#### Disclosure 8 of 18

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SECURITIES EXCHANGE ACT OF 1934 RULES 17A-3 AND 17A-4, FINRA RULE 2010, NASD RULES 2110, 3010, 3011(A), 3011(C), 3110, MSRB RULES G-8, G-41: THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES, THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS APPLICABLE TO THE RETENTION OF ELECTRONIC AND WRITTEN COMMUNICATIONS. FROM MAY 26, 2007 TO MAY 10, 2009 (RELEVANT PERIOD) THE FIRM FAILED TO MAINTAIN AND PRESERVE CERTAIN OF ITS BUSINESS-RELATED ELECTRONIC AND WRITTEN COMMUNICATIONS. MOST OF THE FIRM'S REGISTERED REPRESENTATIVES ARE INDEPENDENT CONTRACTORS OPERATING FROM "ONE-MAN" BRANCH OFFICE LOCATIONS THROUGHOUT THE COUNTRY. THE FIRM'S REPRESENTATIVES WERE ALLOWED TO MAINTAIN WRITTEN CORRESPONDENCE AT THEIR BRANCH OFFICES. THE FIRM PERMITTED REPRESENTATIVES TO SEND EMAILS FROM THEIR



PERSONAL COMPUTERS. IT DID NOT HAVE AN ELECTRONIC SYSTEM TO CAPTURE EMAILS. INSTEAD, THE FIRM REQUIRED REPRESENTATIVES TO PRINT AND MAKE COPIES OF THEIR EMAILS, WHICH ALONG WITH THEIR WRITTEN CORRESPONDENCE WERE REVIEWED DURING ANNUAL BRANCH INSPECTIONS. EMAILS AND WRITTEN CORRESPONDENCE INVOLVING THE SOLICITATION OF PRODUCTS WERE REQUIRED TO BE SENT BY REPRESENTATIVES TO COMPLIANCE FOR PRE-APPROVAL. THE FIRM, HOWEVER, HAD NO SYSTEM OR PROCEDURES IN PLACE TO RETAIN ALL OTHER EMAILS AND WRITTEN CORRESPONDENCE AFTER THE REPRESENTATIVES TERMINATED FROM THE FIRM. AS A RESULT, THE FIRM DID NOT SUBSEQUENTLY RETAIN MOST OF THE EMAILS AND WRITTEN CORRESPONDENCE FOR 162 REPRESENTATIVES WHO TERMINATED FROM THE FIRM DURING THE RELEVANT PERIOD. DURING THE RELEVANT PERIOD, THE FIRM DID NOT ESTABLISH AND IMPLEMENT POLICIES AND PROCEDURES THAT COULD BE REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REPORTING OF SUSPICIOUS ACTIVITY FAILED TO PROVIDE REASONABLE DETAIL, SUCH AS THE SPECIFIC REPORTS AND DOCUMENTS TO BE REVIEWED, THE TIMING AND FREQUENCY OF SUCH REVIEWS, THE SPECIFIC PERSONS TO CONDUCT THE REVIEWS, AND A DESCRIPTION OF HOW THE REVIEWS WILL BE CONDUCTED AND EVIDENCED. IN ADDITION, THE FIRM'S SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE GUIDELINES REGARDING THE REPORTING OF SUSPICIOUS ACTIVITY, INCLUDING WHEN A SUSPICIOUS ACTIVITY REPORT SHOULD BE FILED AND WHAT DOCUMENTATION SHOULD BE MAINTAINED. FURTHERMORE, ALTHOUGH THE FIRM HAD 140,000 ACTIVE ACCOUNTS DURING THE RELEVANT PERIOD, IT USED ONLY A MINIMAL NUMBER OF EXCEPTION REPORTS, RELYING INSTEAD OF ITS CLEARING FIRM TO ASSIST IN THE REVIEW OF SUSPICIOUS ACTIVITY. MOREOVER, IN 2008 AND 2009, THE FIRM FAILED TO CONDUCT ADEQUATE INDEPENDENT TESTS OF IT ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM (AMLCP), FAILED TO TEST TOPICS SUFFICIENTLY, AND FAILED TO ADEQUATELY MEMORIALIZE WHAT WAS REVIEWED. WITH RESPECT TO A SAMPLE OF 90 CORPORATE BOND TRANSACTIONS IT EXECUTED FROM JANUARY 1, 2009 THROUGH MARCH 31, 2009, THE FIRM FAILED TO ADEQUATELY DISCLOSE THE TIME OF RECEIPT ON 86 OF THE ORDER TICKETS. WITH RESPECT TO A SAMPLE OF 90 MUNICIPAL SECURITIES TRANSACTIONS IT EXECUTED FROM JANUARY 1, 2009 THROUGH MARCH 31, 2009, THE FIRM FAILED TO ADEQUATELY DISCLOSE THE TIME OF RECEIPT ON 86 OF THE ORDER TICKETS.

**Initiated By:** FINRA  
**Date Initiated:** 07/18/2011  
**Docket/Case Number:** [2009016150001](#)



**Principal Product Type:** Debt - Corporate

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

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

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

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

**Resolution Date:** 07/18/2011

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$150,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$150,000 (\$25,000 OF WHICH PERTAINS TO VIOLATIONS OF MSRB RULES G-41 AND G-8). IN ADDITION, THE FIRM AGREES TO UNDERTAKE THAT WITHIN 30 DAYS OF THE ISSUANCE OF THIS AWC, THE PRESIDENT OF THE FIRM WILL CERTIFY TO FINRA IN WRITING THAT THE FIRM CURRENTLY HAS IN PLACE SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE LAWS, REGULATIONS, AND RULES CONCERNING THE PRESERVATION OF ELECTRONIC MAIL COMMUNICATIONS. THE CERTIFICATION, ALONG WITH THE CURRENT PROCEDURES, MUST BE SUBMITTED TO FINRA. ALTHOUGH FINRA STAFF MAY REVIEW THE REVISED PROCEDURES, SAID REVIEW SHALL IN NO WAY CONSTITUTE AN APPROVAL OF THE REVISED PROCEDURES. THE FAILURE OF FINRA STAFF TO ALERT THE FIRM TO ANY DEFICIENCIES IN THE REVISED PROCEDURES SHALL NOT PRECLUDE FINRA FROM INSTITUTING A SUBSEQUENT DISCIPLINARY ACTION AS A RESULT OF DEFICIENCIES IN THE REVISED PROCEDURES.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:**

SECURITIES EXCHANGE ACT OF 1934 RULES 17A-3 AND 17A-4, FINRA RULE 2010, NASD RULES 2110, 3010, 3011(A), 3011(C), 3110, MSRB RULES G-8, G-41: THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES, THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS APPLICABLE TO THE RETENTION OF ELECTRONIC AND WRITTEN COMMUNICATIONS. FROM MAY 26, 2007 TO MAY 10, 2009 (RELEVANT PERIOD) THE FIRM FAILED TO MAINTAIN AND PRESERVE CERTAIN OF ITS BUSINESS-RELATED ELECTRONIC AND WRITTEN COMMUNICATIONS. MOST OF THE FIRM'S REGISTERED REPRESENTATIVES ARE INDEPENDENT CONTRACTORS OPERATING FROM "ONE-MAN" BRANCH OFFICE LOCATIONS THROUGHOUT THE COUNTRY. THE FIRM'S REPRESENTATIVES WERE ALLOWED TO MAINTAIN WRITTEN CORRESPONDENCE AT THEIR BRANCH OFFICES. THE FIRM PERMITTED REPRESENTATIVES TO SEND EMAILS FROM THEIR PERSONAL COMPUTERS. IT DID NOT HAVE AN ELECTRONIC SYSTEM TO CAPTURE EMAILS. INSTEAD, THE FIRM REQUIRED REPRESENTATIVES TO PRINT AND MAKE COPIES OF THEIR EMAILS, WHICH ALONG WITH THEIR WRITTEN CORRESPONDENCE WERE REVIEWED DURING ANNUAL BRANCH INSPECTIONS. EMAILS AND WRITTEN CORRESPONDENCE INVOLVING THE SOLICITATION OF PRODUCTS WERE REQUIRED TO BE SENT BY REPRESENTATIVES TO COMPLIANCE FOR PRE-APPROVAL. THE FIRM, HOWEVER, HAD NO SYSTEM OR PROCEDURES IN PLACE TO RETAIN ALL OTHER EMAILS AND WRITTEN CORRESPONDENCE AFTER THE REPRESENTATIVES TERMINATED FROM THE FIRM. AS A RESULT, THE FIRM DID NOT SUBSEQUENTLY RETAIN MOST OF THE EMAILS AND WRITTEN CORRESPONDENCE FOR 162 REPRESENTATIVES WHO TERMINATED FROM THE FIRM DURING THE RELEVANT PERIOD. DURING THE RELEVANT PERIOD, THE FIRM DID NOT ESTABLISH AND IMPLEMENT POLICIES AND PROCEDURES THAT COULD BE REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REPORTING OF SUSPICIOUS ACTIVITY FAILED TO PROVIDE REASONABLE DETAIL, SUCH AS THE SPECIFIC REPORTS AND DOCUMENTS TO BE REVIEWED, THE TIMING AND FREQUENCY OF SUCH REVIEWS, THE SPECIFIC PERSONS TO CONDUCT THE REVIEWS, AND A DESCRIPTION OF HOW THE REVIEWS WILL BE CONDUCTED AND EVIDENCED. IN ADDITION, THE FIRM'S SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE GUIDELINES REGARDING THE REPORTING OF SUSPICIOUS ACTIVITY, INCLUDING WHEN A SUSPICIOUS ACTIVITY REPORT SHOULD BE FILED AND WHAT DOCUMENTATION SHOULD BE MAINTAINED. FURTHERMORE, ALTHOUGH THE FIRM HAD 140,000 ACTIVE ACCOUNTS DURING THE RELEVANT PERIOD, IT USED ONLY A MINIMAL NUMBER OF EXCEPTION REPORTS, RELYING INSTEAD OF ITS CLEARING FIRM TO ASSIST IN THE REVIEW OF SUSPICIOUS ACTIVITY. MOREOVER, IN 2008 AND 2009, THE FIRM FAILED TO



CONDUCT ADEQUATE INDEPENDENT TESTS OF IT ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM (AMLCP), FAILED TO TEST TOPICS SUFFICIENTLY, AND FAILED TO ADEQUATELY MEMORIALIZE WHAT WAS REVIEWED. WITH RESPECT TO A SAMPLE OF 90 CORPORATE BOND TRANSACTIONS IT EXECUTED FROM JANUARY 1, 2009 THROUGH MARCH 31, 2009, THE FIRM FAILED TO ADEQUATELY DISCLOSE THE TIME OF RECEIPT ON 86 OF THE ORDER TICKETS. WITH RESPECT TO A SAMPLE OF 90 MUNICIPAL SECURITIES TRANSACTIONS IT EXECUTED FROM JANUARY 1, 2009 THROUGH MARCH 31, 2009, THE FIRM FAILED TO ADEQUATELY DISCLOSE THE TIME OF RECEIPT ON 86 OF THE ORDER TICKETS.

**Initiated By:** FINRA

**Date Initiated:** 07/18/2011

**Docket/Case Number:** [2009016150001](#)

**Principal Product Type:** Debt - Corporate

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

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

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

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

**Resolution Date:** 07/18/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$150,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$150,000 (\$25,000 OF WHICH PERTAINS TO VIOLATIONS OF MSRB RULES G-41 AND G-8). IN ADDITION, THE FIRM AGREES TO UNDERTAKE THAT WITHIN 30 DAYS OF THE ISSUANCE OF THIS AWC, THE PRESIDENT OF THE FIRM WILL CERTIFY TO FINRA IN WRITING THAT THE FIRM CURRENTLY HAS IN PLACE SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE LAWS, REGULATIONS, AND RULES CONCERNING THE PRESERVATION OF ELECTRONIC MAIL COMMUNICATIONS. THE CERTIFICATION, ALONG WITH THE CURRENT PROCEDURES, MUST BE SUBMITTED TO FINRA. ALTHOUGH FINRA STAFF MAY REVIEW THE REVISED PROCEDURES, SAID REVIEW SHALL IN NO WAY CONSTITUTE AN APPROVAL OF THE REVISED PROCEDURES. THE FAILURE OF FINRA STAFF



TO ALERT THE FIRM TO ANY DEFICIENCIES IN THE REVISED PROCEDURES SHALL NOT PRECLUDE FINRA FROM INSTITUTING A SUBSEQUENT DISCIPLINARY ACTION AS A RESULT OF DEFICIENCIES IN THE REVISED PROCEDURES.

#### Disclosure 9 of 18

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	APPLICANT FAILURE TO ENFORCE WRITTEN PROCEDURES REGARDING SUPERVISION OF USE OF MARKETING MATERIALS BY A REPRESENTATIVE.
<b>Initiated By:</b>	TEXAS STATE SECURITIES BOARD
<b>Date Initiated:</b>	07/21/2010
<b>Docket/Case Number:</b>	IC10-CAF-16
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	MARKETING MATERIAL
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	REPRIMAND
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/27/2010
<b>Sanctions Ordered:</b>	Monetary/Fine \$9,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT IS REPRIMANDED AND ASSESSED AN ADMINISTRATIVE FINE OF \$9500

#### Disclosure 10 of 18

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED THAT APPLICANT VIOLATED THE MARYLAND SECURITIES ACT BY FAILING TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE.
<b>Initiated By:</b>	MARYLAND SECURITIES COMMISSIONER
<b>Date Initiated:</b>	07/19/2010



<b>Docket/Case Number:</b>	2008-0392
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<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>	Consent
<b>Resolution Date:</b>	07/23/2010
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	<p>PERMANENTLY CEASE AND DESIST FROM FAILING REASONABLY TO SUPERVISE ITS REGISTERED REPRESENTATIVES. SUBMIT TO THE DIVISION REVISED PERSONAL TRADING PROCEDURES.</p> <p>FOR 24 MONTHS FOLLOWING THE DATE OF THE ORDER, H. BECK, SHALL REPORT TO THE DIVISION, ANY MATERIAL VIOLATION OF OR FAILURE TO ENFORCE ITS PERSONAL TRADING PROCEDURES BY ANY REGISTERED REPRESENTATIVE. SUBMIT ANY WRITTEN OR ORAL COMPLAINTS FROM A MARYLAND CUSTOMER WITHIN TWO WEEKS OF RECEIPT.</p>
<b>Firm Statement</b>	<p>WITHOUT HOLDING A HEARING AND WITHOUT TRIAL OR ADJUDICATION OF ANY ISSUE OF FACT OR LAW, AND PRIOR TO THE INITIATION OF ANY FORMAL PROCEEDING, THE COMMISSIONER AND RESPONDENT HAVE REACHED AN AGREEMENT TO RESOLVE THIS MATTER AND WITHOUT ADMITTING OR DENYING ANY FINDINGS OF FACT OR CONCLUSION OF LAW.</p>

#### Disclosure 11 of 18

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>NASD RULES 2110 AND 3010: RESPONDENT H. BECK, INC. (HBI) FAILED TO ACCURATELY COMPLETE ITS SELF-ASSESSMENT REGARDING BREAKPOINT COMPLIANCE IN MUTUAL FUND CLASS A SHARES. THE FIRM'S SELF-ASSESSMENT UNDERREPORTED THE NUMBER OF TRANSACTIONS WITH MISSED BREAKPOINTS. HAD HBI ACCURATELY COMPLETED ITS SELF-ASSESSMENT, FINRA WOULD HAVE DIRECTED THE FIRM TO UNDERTAKE ADDITIONAL REMEDIAL STEPS. HBI ALSO FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND</p>



WRITTEN PROCEDURES THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS REGULATORY RESPONSIBILITIES RELATING TO ITS FEE-BASED BROKERAGE BUSINESS. THE FIRM DID NOT REASONABLY MONITOR ITS FEE-BASED ACCOUNTS TO ENSURE THAT THEY CONTINUED TO BE APPROPRIATE FOR CUSTOMERS TAKING INTO ACCOUNT THE SERVICES PROVIDED, COSTS AND CUSTOMER PREFERENCES. THE FIRM FAILED TO COMMUNICATE TO CUSTOMERS REGARDING THE STATUS OF THEIR ACCOUNT OR OTHERWISE DETERMINE IF A FEE-BASED ACCOUNT REMAINED APPROPRIATE FOR THEM. AS A RESULT, HBI CUSTOMERS OWNING FEE-BASED ACCOUNTS IN WHICH NO TRANSACTIONS WERE EFFECTED PAID A TOTAL OF \$32,431.56 IN FEES AFTER THE FIRST YEAR OF INACTIVITY IN THEIR ACCOUNTS.

**Initiated By:** FINRA

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

**Docket/Case Number:** [2007010624101](#)

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

**Other Product Type(s):**

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

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

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

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

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$140,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, HBI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$140,000 AND REQUIRED TO PAY RESTITUTION IN THE TOTAL AMOUNT OF \$32,431.56, PLUS INTEREST, TO CUSTOMERS. SATISFACTORY PAYMENT OF THE RESITUTION OR OF





REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION SHALL BE PROVIDED TO FINRA STAFF NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON HBI CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA STAFF, HBI SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110 AND 3010: H. BECK, INC. FAILED TO ACCURATELY COMPLETE ITS SELF-ASSESSMENT REGARDING BREAKPOINT COMPLIANCE IN MUTUAL FUND CLASS A SHARES, REASONABLY MONITOR ITS FEE-BASED ACCOUNTS TO ENSURE THAT THEY CONTINUED TO BE APPROPRIATE FOR CUSTOMERS.

**Initiated By:** FINRA

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

**Docket/Case Number:** [2007010624101](#)

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

**Other Product Type(s):**

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

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

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

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$140,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** WITHOUT ADMITTING OR DENYING THE FINDINGS, HBI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$140,000 AND REQUIRED TO PAY RESTITUTION IN THE TOTAL AMOUNT OF \$32,431.56, PLUS INTEREST, TO CUSTOMERS. SATISFACTORY PAYMENT OF THE RESITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT



RESTITUTION SHALL BE PROVIDED TO FINRA STAFF NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON HBI CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA STAFF, HBI SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, HBI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$140,000 AND REQUIRED TO PAY RESTITUTION IN THE TOTAL AMOUNT OF \$32,431.56, PLUS INTEREST, TO CUSTOMERS. SATISFACTORY PAYMENT OF THE RESITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION SHALL BE PROVIDED TO FINRA STAFF NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON HBI CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA STAFF, HBI SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

**Disclosure 12 of 18**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010, 6955(A) - H. BECK, INC. FAILED TO TRANSMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING OATS REPORTING.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	11/24/2008
<b>Docket/Case Number:</b>	<a href="#">2007008928801</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	



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

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

**Resolution Date:** 11/24/2008

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$17,500.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$17,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING OATS REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 6955(A) - H. BECK, INC. FAILED TO TRANSMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING OATS REPORTING

**Initiated By:** FINRA

**Date Initiated:** 11/24/2008

**Docket/Case Number:** [2007008928801](#)

**Principal Product Type:** Other

**Other Product Type(s):** OATS

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


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

**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 11/24/2008  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$17,500.00  
**Other Sanctions Ordered:** UNDERTAKING  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$17,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING OATS REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Disclosure 13 of 18**

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** H. BECK, INC. FAILED TO SUPERVISE ITS AGENTS IN VIOLATION OF COMMISSION RULE 21 VAC 5-20-260 D1 IN THE H. BECK FAILED TO ADEQUATELY SUPERVISE: (A) AGENTS' REGISTRATION STATUS, (B) THE USE OF DISCRETIONARY ACCOUNTS, (C) THE FREQUENT EXAMINATION OF CUSTOMER ACCOUNTS, (D) POWER OF ATTORNEY OVER CUSTOMER ACCOUNTS, (E) WRITTEN AND E-MAIL CORRESPONDENCE, (F) THE USE OF UNAPPROVED LETTERHEAD AND ADVERTISEMENTS, (G) ANNUAL INSPECTION OF VIRGINIA BRANCHES AS REQUIRED BY RULE 21 VAC 5-20-260 E2, (H) USE OF UNAPPROVED ADVERTISEMENTS, STATIONARY AND SALES LITERATURE, (I) ALLOWED AGENTS TO MAKE UNSUITABLE RECOMMENDATIONS TO CLIENTS IN VIOLATION OF RULE 21 VAC 5-20-280 A3, (J) ALLOWED AGENTS TO MAKE UNAUTHORIZED TRANSACTIONS IN VIOLATION OF RULE 21 VAC 5-20-280 A4, (K) ALLOWED AGENTS TO MAINTAIN CUSTODY OF CLIENTS' FUNDS IN VIOLATION OF RULE 21 VAC 5-20-280 B1, (L) ALLOWED AGENTS TO MARK TRADES IMPROPERLY AS "UNSOLICITED" IN VIOLATION OF RULE 21 VAC 5-20-280 E10, (M) FAILED TO ENFORCE OFFICE SECURITY RULES TO PROTECT CLIENT'S PERSONAL INFORMATION IN VIOLATION OF RULE 21 VAC 5-20-260 B & D.

**Initiated By:** VIRGINIA - DIVISION OF SECURITIES  
**Date Initiated:** 06/18/2008  
**Docket/Case Number:** SEC-2007-00056

**URL for Regulatory Action:****Principal Product Type:** No Product**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)**Other Sanction(s)/Relief Sought:****Resolution:** Settled**Resolution Date:** 10/01/2008**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 \$40,000.00  
Disgorgement/Restitution**Other Sanctions Ordered:** ORDER TO MAKE RESTITUTION TO THREE VIRGINIA INVESTORS.**Sanction Details:** IN LIEU OF HEARING ENTERED INTO SETTLEMENT AGREEMENT.**Regulator Statement** H. BECK, INC., ENTERED INTO A SETTLEMENT OFFER AGREEING TO PAY A FINE IN THE AMOUNT OF \$40,000.00, TO REIMBURSE THE DIVISION FOR THE COSTS OF THE INVESTIGATION, AND TO MAKE RESTITUTION TO THREE VIRGINIA INVESTORS IN ACCORDANCE WITH ITS DISCUSSIONS WITH THE DIVISION. CONTACT DON MEUNIER AT 804-371-9079 FOR FURTHER INFORMATION.**Reporting Source:** Firm**Current Status:** Final**Allegations:** H. BECK, INC. FAILED TO SUPERVISE ITS AGENTS IN VIOLATION OF COMMISSION RULE 21 VAC 5-20-260 D1 IN THE H. BECK FAILED TO ADEQUATELY SUPERVISE: (A) AGENTS' REGISTRATION STATUS, (B) THE USE OF DISCRETIONARY ACCOUNTS, (C) THE FREQUENT EXAMINATION OF CUSTOMER ACCOUNTS, (D) POWER OF ATTORNEY OVER CUSTOMER ACCOUNTS, (E) WRITTEN AND E-MAIL CORRESPONDENCE, (F) THE USE OF UNAPPROVED LETTERHEAD AND ADVERTISEMENTS, (G) ANNUAL INSPECTION OF VIRGINIA BRANCHES AS REQUIRED BY RULE 21 VAC 5-20-260 E2, (H) USE OF UNAPPROVED ADVERTISEMENTS, STATIONARY AND



SALES LITERATURE, (I) ALLOWED AGENTS TO MAKE UNSUITABLE RECOMMENDATIONS TO CLIENTS IN VIOLATION OF RULE 21 VAC 5-20-280 A3, (J) ALLOWED AGENTS TO MAKE UNAUTHORIZED TRANSACTIONS IN VIOLATION OF RULE 21 VAC 5-20-280 A4, (K) ALLOWED AGENTS TO MAINTAIN CUSTODY OF CLIENTS' FUNDS IN VIOLATION OF RULE 21 VAC 5-20-280 B1, (L) ALLOWED AGENTS TO MARK TRADES IMPROPERLY AS "UNSOLICITED" IN VIOLATION OF RULE 21 VAC 5-20-280 E10, (M) FAILED TO ENFORCE OFFICE SECURITY RULES TO PROTECT CLIENT'S PERSONAL INFORMATION IN VIOLATION OF RULE 21 VAC 5-20-260 B & D.

**Initiated By:** VIRGINIA - DIVISION OF SECURITIES

**Date Initiated:** 06/18/2008

**Docket/Case Number:** SEC-2007-00056

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Settled

**Resolution Date:** 01/06/2009

**Sanctions Ordered:** Monetary/Fine \$40,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** ORDER TO MAKE RESTITUTION TO THREE VIRGINIA INVESTORS.

**Sanction Details:** IN LIEU OF HEARING ENTERED INTO SETTLEMENT AGREEMENT.

**Firm Statement** H. BECK NEITHER ADMITTED NOR DENIED VIRGINIA SECURITIES DIVISION'S ALLEGATIONS.

#### Disclosure 14 of 18

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** H. BECK FAILED TO REASONABLY SUPERVISE TWO OF ITS FORMER REPRESENTATIVES WHO ENGAGED IN SELLING AWAY ACTIVITIES DURING THE TIME THAT THEY WERE EMPLOYED BY H. BECK.

**Initiated By:** MARYLAND DIVISION OF SECURITIES



**Date Initiated:** 01/10/2001  
**Docket/Case Number:** 1999-1082  
**URL for Regulatory Action:**  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Restitution  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 01/10/2001  
**Sanctions Ordered:** Disgorgement/Restitution  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** H. BECK AGREED TO CONTINUE ITS POLICIES AND PROCEDURES TO  
 DETECT/PREVENT SELLING AWAY, AND TO DO BACKGROUND CHECKS  
 BEFORE OR AT THE TIME OF HIRING NEW BROKERS.  
**Sanction Details:** PAID RESTITUTION OF \$50,000.  
**Regulator Statement** RESTITUTION WILL BE PAID TO MORE THAN 20 INVESTORS WHO  
 PURCHASED MORTGAGE NOTES THROUGH H. BECK'S FORMER AGENTS.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** ALLEGED THAT APPLICANT VIOLATED THE MARYLAND SECURITIES ACT BY  
 FAILING TO REASONABLY SUPERVISE 2 FORMER REGISTERED  
 REPRESENTATIVES WHO "SOLD AWAY" MORTGAGE NOTES TO INVESTORS  
 IN 1994-1995.  
**Initiated By:** MARYLAND SECURITIES COMMISSIONER  
**Date Initiated:** 01/10/2001  
**Docket/Case Number:** 1999-1082  
**Principal Product Type:** Investment Contract(s)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Cease and Desist



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

**Resolution:** Consent

**Resolution Date:** 01/22/2001

**Sanctions Ordered:** Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** RESTITUTION TO INVESTORS OF \$50,000.

#### Disclosure 15 of 18

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED INVESTMENT ADVISORY TRANSACTIONS PRIOR TO EFFECTIVE REGISTRATION AS AN INVESTMENT ADVISOR AND EMPLOYMENT OF UNREGISTERED INVESTMENT ADVISER REPRESENTATIVES.

**Initiated By:** MARYLAND SECURITIES COMMISSIONER

**Date Initiated:** 11/29/1993

**Docket/Case Number:** IA-93-0841

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** A \$5,000 FINE WAS IMPOSED

**Resolution:** Settled

**Resolution Date:** 11/29/1993

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

**Other Sanctions Ordered:**

**Sanction Details:** A \$5,000 FINE WAS PAID ON 11/29/1993.

**Firm Statement** THE MARYLAND SECURITIES COMMISSIONER ISSUED A CONSENT ORDER TO WHICH THE COMPANY CONSENTED WITHOUT ADMITTING OR DENYING ANY VIOLATION. BY THAT ORDER, THE COMMISSIONER CONCLUDED THAT





THE COMPANY HAD ENGAGED IN THE ALLEGED VIOLATIONS. THE ORDER IMPOSED A \$5,000 FINE AND REQUIRED THAT THE COMPANY COMPLY WITH THE MARYLAND SECURITIES ACT.

#### Disclosure 16 of 18

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FROM MAY 1990 THROUGH AT LEAST NOVEMBER 1994, JOSEPH P. MEDSKER (MEDSKER), AN H. BECK REGISTERED REPRESENTATIVE LOCATED IN AN INDEPENDENTLY OWNED AND OPERATED ONE-PERSON OFFICE IN DAYTON, OHIO, ENGAGED IN A SCHEME TO DEFRAUD H. BECK CUSTOMERS IN VIOLATION OF THE REGISTRATION AND ANTIFRAUD PROVISIONS OF THE SECURITIES LAWS. THE ORDER ALSO ALLEGES THAT H. BECK AND HURVITZ FAILED REASONABLY TO SUPERVISE MEDSKER WITH A VIEW TOWARD PREVENTING HIS SECURITIES LAW VIOLATIONS DESCRIBED ABOVE. (REL. 34-38913) ***
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	08/12/1997
<b>Docket/Case Number:</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>	05/04/1998
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	5/13/98 SEC NEWS DIGEST ISSUE 98-85, DATED MAY 4, 1998, ENFORCEMENT PROCEEDINGS DISCLOSE: " GARY HURVITZ SUSPENDED AND H. BECK, INC. CENSURED AND FINED." THE COMMISSION ANNOUNCED THE ISSUANCE OF AN ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS (ORDER) AGAINST H. BECK AND HURVITZ FOR FAILING REASONABLY TO SUPERVISE MEDSKER. THE



ORDER WAS ISSUED PURSUANT TO H. BECK'S AND HURVITZ'S OFFER OF SETTLEMENT. H. BECK WAS CENSURED AND ORDERED TO PAY A \$20,000 CIVIL PENALTY AND TO COMPLY WITH CERTAIN REMEDIAL UNDERTAKINGS. (REL. 34-39943; FILE NO. 3-9357)

### Regulator Statement

[TOP] 08-13-97, SEC NEWS DIGEST ISSUE NO. 97-155 DATED AUGUST 12, 1997, ENFORCEMENT PROCEEDINGS DISCLOSE: "ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST H. BECK, INC. AND GARY HURVITZ"; THE SECURITIES AND EXCHANGE COMMISSION ANNOUNCED THAT PUBLIC ADMINISTRATIVE PROCEEDINGS HAVE BEEN INSTITUTED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934 AGAINST H. BECK, INC. (H. BECK), A REGISTERED BROKER-DEALER WHOSE PRINCIPAL PLACE OF BUSINESS IS ROCKVILLE, MARYLAND, AND GARY S. HURVITZ (HURVITZ), AGE 44, PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF LEGAL OFFICER, CHIEF COMPLIANCE OFFICER AND AN OWNER AND DIRECTOR OF H. BECK. THE ORDER INSTITUTING PROCEEDINGS ALLEGES THAT FROM MAY 1990 THROUGH AT LEAST NOVEMBER 1994, JOSEPH P. MEDSKER (MEDSKER), AN H. BECK REGISTERED REPRESENTATIVE LOCATED IN AN INDEPENDENTLY OWNED AND OPERATED ONE-PERSON OFFICE IN DAYTON, OHIO, ENGAGED IN A SCHEME TO DEFRAUD H. BECK CUSTOMERS IN VIOLATION OF THE REGISTRATION AND ANTIFRAUD PROVISIONS OF THE SECURITIES LAWS. THE ORDER ALSO ALLEGES THAT H. BECK AND HURVITZ FAILED REASONABLY TO SUPERVISE MEDSKER WITH A VIEW TOWARD PREVENTING HIS SECURITIES LAW VIOLATIONS DESCRIBED ABOVE. (REL. 34-38913) \*\*\*

+5/13/98 SEC NEWS DIGEST ISSUE 98-85, DATED MAY 4, 1998, ENFORCEMENT PROCEEDINGS DISCLOSE: " GARY HURVITZ SUSPENDED AND H. BECK, INC. CENSURED AND FINED." THE COMMISSION ANNOUNCED THE ISSUANCE OF AN ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS (ORDER) AGAINST H. BECK AND HURVITZ FOR FAILING REASONABLY TO SUPERVISE MEDSKER. THE ORDER WAS ISSUED PURSUANT TO H. BECK'S AND HURVITZ'S OFFER OF SETTLEMENT. H. BECK WAS CENSURED AND ORDERED TO PAY A \$20,000 CIVIL PENALTY AND TO COMPLY WITH CERTAIN REMEDIAL UNDERTAKINGS. (REL. 34-39943; FILE NO. 3-9357)

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

PROCEEDINGS TO DETERMINE WHETHER THE APPLICANT FAILED TO REASONABLY SUPERVISE A FORMER REGISTERED REPRESENTATIVE WHO "SOLD AWAY" UNREGISTERED SECURITIES.



<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION.
<b>Date Initiated:</b>	08/14/1997
<b>Docket/Case Number:</b>	3-9357
<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>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	\$20,000 FINE WAS IMPOSED.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/01/1998
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	H. BECK WAS ORDERED TO PAY A CIVIL PENALTY PURSUANT TO SECTION 21B OF THE EXCHANGE ACT TO THE UNITED STATES TREASURY IN THE AMOUNT OF \$20,000.
<b>Firm Statement</b>	THE APPLICANT AGREED TO SETTLE THIS MATTER TO AVOID THE BURDEN AND EXPENSE OF FURTHER LITIGATION. IT SHOULD BE NOTED THAT THE SEC NEVER ALLEGED THAT THE APPLICANT PARTICIPATED IN OR BENEFITED FROM THE FORMER REGISTERED REPRESENTATIVE'S ALLEGED ACT OF "SELLING AWAY."

#### Disclosure 17 of 18

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT H. BECK, INC. AND EARL C. SMITH FAILED TO SUPERVISE AN AGENT WHO ALLEGEDLY RECOMMENDED UNSUITABLE LIMITED PARTNERSHIP INVESTMENTS TO SOME OF HIS PENNSYLVANIA CUSTOMERS.
<b>Initiated By:</b>	PENNSYLVANIA SECURITIES COMMISSION
<b>Date Initiated:</b>	06/27/1997
<b>Docket/Case Number:</b>	9512-02LC
<b>URL for Regulatory Action:</b>	



**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Order

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

**Sanctions Ordered:** Censure

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ORDER'S FINDINGS AND CONCLUSIONS OF LAW, H. BECK, INC. AND EARL C. SMITH AGREED TO THE REMEDIAL TERMS OF THE ORDER, WHICH FOR BECK CONSISTED OF A CENSURE, PAYMENT OF AN ADMINISTRATIVE ASSESSMENT OF \$24,000 PLUS A PORTION OF LEGAL AND INVESTIGATIVE COSTS, RETENTION OF AN INDEPENDENT CONSULTANT TO REVIEW CERTAIN POLICIES AND PROCEDURES AND SPECIAL SUPERVISION OF THE AGENT

**Regulator Statement** CONTACT: ARLINDA J. WILLIS (717) 783-5177

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** PROCEEDING TO DETERMINE WHETHER THE APPLICANT AND CERTAIN OF ITS REGISTERED PRINCIPALS FAILED TO DILIGENTLY SUPERVISE A REGISTERED REPRESENTATIVE WHO ALLEGEDLY SOLD UNSUITABLE INVESTMENTS.

**Initiated By:** PENNSYLVANIA SECURITIES COMMISSION

**Date Initiated:** 06/27/1997

**Docket/Case Number:** 9512-02LC

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

**Other Product Type(s):**

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

**Other Sanction(s)/Relief** CENSURE, FINE, AND RETENTION OF A CONSULTANT TO REVIEW CERTAIN



**Sought:** SUPERVISORY PROCEDURES.

**Resolution:** Settled

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

**Sanctions Ordered:** Monetary/Fine \$24,000.00

**Other Sanctions Ordered:**

**Sanction Details:** A \$24,000 FINE WAS IMPOSED ON 09/09/1998.

**Firm Statement** APPLICANT, IN ORDER TO SETTLE THIS MATTER WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CONSENTED TO FINDINGS THAT IT FAILED TO MAINTAIN ADEQUATE PROCEDURES AND DILIGENTLY SUPERVISE A REGISTERED REPRESENTATIVE WHO ALLEGEDLY SOLD UNSUITABLE INVESTMENTS.

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#### Disclosure 18 of 18

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 02/25/1992

**Docket/Case Number:** C9B910043

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 02/25/1992

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** ON FEBRUARY 25, 1992, THE LETTER OF ACCEPTANCE, WAIVER AND



CONSENT NO. C9B910043 (DISTRICT NO. 9) SUBMITTED BY RESPONDENTS H. BECK, INC. AND CHARLES R. LEVY WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$1,000 AND RESPONDENT

LEVY IS CENSURED AND FINED \$4,000 - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENTS MEMBER AND LEVY, IN CONTRAVENTION OF THE BOARD OF GOVERNORS' FREE-RIDING AND WITHHOLDING INTERPRETATION, SOLD SECURITIES THAT TRADED AT A PREMIUM IN THE SECONDARY MARKET TO RESTRICTED PERSONS).

\*\*\*\$1,000.00 PAID ON 3/5/92 INVOICE #92-9B-235\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD ALLEGED THAT SHARES IN AN INITIAL PUBLIC OFFERING, WHICH BEGAN TRADING IN THE SECONDARY MARKET AT A PREMIUM WERE SOLD TO A RESTRICTED PERSON. WITHOUT ADMITTING OR DENYING THE EXISTANCE OF THE ALLEGED MISCONDUCT, HBI ACCEPTED A CENCURE AND FINE IN THE AMOUNT OF \$1,000 AGAINST THE COMPANY, AND THE FORMER REGISTERED REPRESENTATIVE ACCEPTED A CENCURE AND FINE OF \$4,000 AGAINST HIM.

**Initiated By:** NASD

**Date Initiated:** 02/25/1992

**Docket/Case Number:** UNKNOWN

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FINE IN THE AMOUNT OF \$1,000 AGAINST THE COMPANY.

**Resolution:** Settled

**Resolution Date:** 02/25/1992

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** CENSURE AND \$1,000 FINE.



**Firm Statement**

SEE ABOVE



## 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 3

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	04/23/2009
<b>Case Number:</b>	<a href="#">09-02175</a>
<b>Disputed Product Type:</b>	MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$1,600,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/02/2010
<b>Sum of All Relief Awarded:</b>	\$269,282.76

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 3

<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; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	07/30/2009





**Case Number:** [09-04321](#)  
**Disputed Product Type:**  
**Sum of All Relief Requested:** \$350,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/24/2012  
**Sum of All Relief Awarded:** \$400,000.00

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

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### Disclosure 3 of 3

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER;  
ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** NASD  
**Case Initiated:** 07/21/1997  
**Case Number:** [97-03159](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$80,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/05/1998  
**Sum of All Relief Awarded:** \$21,983.00

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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