

BrokerCheck Report

CALTON & ASSOCIATES, INC.

CRD# 20999

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

About BrokerCheck®



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

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

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

CALTON & ASSOCIATES, INC.

CRD# 20999

SEC# 8-38635

Main Office Location

2701 N ROCKY POINT DRIVE
SUITE 1000
TAMPA, FL 33607
Regulated by FINRA Florida Office

Mailing Address

2701 N ROCKY POINT DRIVE
SUITE 1000
TAMPA, FL 33607

Business Telephone Number

813-264-0440

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 Florida on 09/17/1987.

Its fiscal year ends in September.

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
- 53 U.S. states and territories

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

This firm conducts 18 types of businesses.

This firm is not affiliated with any 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	12
Arbitration	6



Firm Profile

This firm is classified as a corporation.

This firm was formed in Florida on 09/17/1987.

Its fiscal year ends in September.

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.

CALTON & ASSOCIATES, INC.

Doing business as CALTON & ASSOCIATES, INC.

CRD# 20999

SEC# 8-38635

Main Office Location

2701 N ROCKY POINT DRIVE
SUITE 1000
TAMPA, FL 33607

Regulated by FINRA Florida Office

Mailing Address

2701 N ROCKY POINT DRIVE
SUITE 1000
TAMPA, FL 33607

Business Telephone Number

813-264-0440

Other Names of this Firm

Name	Where is it used
CALTON	FL



Firm Profile

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

Direct Owners and Executive Officers

Legal Name & CRD# (if any): AATRIA LLC

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

Position SHAREHOLDER

Position Start Date 05/2011

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CICCATI, RANDALL LEE
1569353

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

Position CEO / DIRECTOR

Position Start Date 06/2014

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CICCATI, RANDALL LEE
1569353

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

Position SHAREHOLDER

Position Start Date 09/2012



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): SINGH, RAMESHWAR
4660047

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

Position SHAREHOLDER

Position Start Date 05/2014

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): SINGH, RAMESHWAR
4660047

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

Position DIRECTOR / SECRETARY / PRESIDENT OF ADVISORY SERVICES

Position Start Date 12/2014

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): THE SIMMERS FAMILY TRUST



Firm Profile

Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SHAREHOLDER, JOHN S SIMMERS AND MARGARET A. SIMMERS TTEES
Position Start Date	09/2012
Percentage of Ownership	10% but less than 25%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	CICCATI, JILL MARIE
Is this a domestic or foreign entity or an individual?	Individual
Position	SHAREHOLDER
Position Start Date	09/2012
Percentage of Ownership	5% but less than 10%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	THE LOUIS CICCATI AND ADELINE CARMELA CICCATI REVOCABLE TRUST
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SHAREHOLDER, LOUIS CICCATI AND ADELINE CARMELA CICCATI, TTEE
Position Start Date	07/2017
Percentage of Ownership	5% but less than 10%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm Profile



Direct Owners and Executive Officers (continued)

Company :

Legal Name & CRD# (if any):	CALTON, DEREK JAY 1192608
Is this a domestic or foreign entity or an individual?	Individual
Position	VICE PRESIDENT - DIRECTOR
Position Start Date	12/1997
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):	CALTON, DWAYNE KENT
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT - DIRECTOR
Position Start Date	09/1987
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):	CICCATI, ADELINA CARMELA
Is this a domestic or foreign entity or an individual?	Individual
Position	TRUSTEE OF THE LOUIS CICCATI AND ADELINA CARMELA CICCATI REVOCABLE TRUST
Position Start Date	07/2017
Percentage of Ownership	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): CICCATI, AUSTIN LOUIS
6351650

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

Position SHAREHOLDER

Position Start Date 05/2014

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CICCATI, CARLY MARIE
6351667

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

Position SHAREHOLDER

Position Start Date 05/2014

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): COKINIS, CHRISTOPHER A
1527389



Firm Profile

Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	08/2021
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): COLE, DAVID SCOTT

Is this a domestic or foreign entity or an individual?	Individual
Position	TREASURER
Position Start Date	12/2015
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): COLE, DAVID SCOTT

Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF FINANCIAL OFFICER / VICE PRESIDENT
Position Start Date	06/2008
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm Profile



Direct Owners and Executive Officers (continued)

Company :

Legal Name & CRD# (if any):	RICHARDSON, PAUL REID 1006146
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF OPERATIONS OFFICER
Position Start Date	10/2020
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):	SHERWOOD, ANDREW COLIN 6124300
Is this a domestic or foreign entity or an individual?	Individual
Position	SHAREHOLDER
Position Start Date	05/2014
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	SHERWOOD, BRITTANY ANN 6122758
Is this a domestic or foreign entity or an individual?	Individual
Position	SHAREHOLDER
Position Start Date	05/2014



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? No

Is this a public reporting company? No

Legal Name & CRD# (if any): SHERWOOD, CHELSEA AMANDA
6351460

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

Position SHAREHOLDER

Position Start Date 05/2014

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): SIMMERS, CHRISTOPHER JOHN
6333585

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

Position SHAREHOLDER

Position Start Date 05/2014

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): SIMMERS, JOHN STEPHEN

Firm Profile



Direct Owners and Executive Officers (continued)

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Is this a domestic or foreign entity or an individual?	Individual
Position	TRUSTEE OF THE SIMMERS FAMILY TRUST
Position Start Date	05/2012
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): SIMMERS, JULIE NICOLE
6351583

Is this a domestic or foreign entity or an individual?	Individual
Position	SHAREHOLDER
Position Start Date	05/2014
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	SIMMERS, MARGARET MERHAR
Is this a domestic or foreign entity or an individual?	Individual
Position	TRUSTEE OF THE SIMMERS FAMILY TRUST
Position Start Date	09/2012
Percentage of Ownership	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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	SHERWOOD, SCOTT HENRY 734979
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	AATRIA LLC
Relationship to Direct Owner	OWNER
Relationship Established	12/2010
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

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 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	11/20/1987

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	12/15/1987



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	02/25/1988	North Carolina	Approved	02/04/1988
Alaska	Approved	02/24/1995	North Dakota	Approved	03/08/1991
Arizona	Approved	05/18/1988	Ohio	Approved	06/30/1988
Arkansas	Approved	04/23/1991	Oklahoma	Approved	05/15/1991
California	Approved	04/11/1988	Oregon	Approved	03/18/1992
Colorado	Approved	01/22/1988	Pennsylvania	Approved	03/30/1988
Connecticut	Approved	02/22/1988	Puerto Rico	Approved	08/16/2012
Delaware	Approved	01/20/1988	Rhode Island	Approved	10/29/1991
District of Columbia	Approved	11/08/1993	South Carolina	Approved	03/10/1988
Florida	Approved	12/14/1987	South Dakota	Approved	03/23/1992
Georgia	Approved	01/20/1988	Tennessee	Approved	01/28/1988
Hawaii	Approved	08/13/1993	Texas	Approved	03/10/1988
Idaho	Approved	03/16/1992	Utah	Approved	02/17/1993
Illinois	Approved	01/27/1988	Vermont	Approved	03/22/1995
Indiana	Approved	01/20/1988	Virgin Islands	Approved	09/05/2012
Iowa	Approved	03/26/1991	Virginia	Approved	01/21/1988
Kansas	Approved	05/11/1992	Washington	Approved	06/14/1991
Kentucky	Approved	01/20/1988	West Virginia	Approved	05/22/1991
Louisiana	Approved	01/29/1988	Wisconsin	Approved	04/26/1988
Maine	Approved	02/02/1988	Wyoming	Approved	01/30/1995
Maryland	Approved	01/22/1988			
Massachusetts	Approved	02/14/1991			
Michigan	Approved	03/02/1988			
Minnesota	Approved	02/18/1988			
Mississippi	Approved	02/28/1990			
Missouri	Approved	03/04/1988			
Montana	Approved	06/02/1992			
Nebraska	Approved	01/18/1990			
Nevada	Approved	02/15/1990			
New Hampshire	Approved	04/04/1988			
New Jersey	Approved	05/27/1988			
New Mexico	Approved	06/11/1992			
New York	Approved	03/24/1988			



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 18 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
- Solicitor of time deposits in a financial institution
- 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
- Broker or dealer selling tax shelters or limited partnerships in the secondary market
- Trading securities for own account
- Private placements of securities
- Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 200 SEAPORT BLVD
 BOSTON, MA 02210
Effective Date: 08/08/2011
Description: CALTON & ASSOCIATES, INC. INTRODUCES CUSTOMER ACCOUNTS AND CLEARS CUSTOMER TRADES THROUGH NATIONAL FINANCIAL SERVICES LLC PER A FULLY DISCLOSED CLEARING AGREEMENT WITH AN ORIGINAL EFFECTIVE DATE OF 08/08/2011

Name: HILLTOP SECURITIES INC.
CRD #: 6220
Business Address: 717 N. HARWOOD STREET
 SUITE 3400
 DALLAS, TX 75201
Effective Date: 02/01/1988
Description: CALTON & ASSOCIATES, INC. INTRODUCES CUSTOMER ACCOUNTS AND CLEARS CUSTOMER TRADES THROUGH HILLTOP SECURITIES. PER A FULLY DISCLOSED CLEARING AGREEMENT WITH AN ORIGINAL EFFECTIVE DATE OF 02/01/1988.

Firm Operations

Industry Arrangements



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

Name: ARTISAN SOFTWARE, INC.

Business Address: 7676 HAZARD CENTER DRIVE
SUITE 1540
SAN DIEGO, CA 92108

Effective Date: 11/01/2016

Description: FIRM BACKOFFICE PROCESSING AND ELECTRONIC STORAGE SYSTEM FOR CLIENT, REPRESENTATIVE AND BRANCH RECORDS. ARTISAN SOFTWARE, INC. IS A PROVIDER OF HOSTED ENTERPRISE-CLASS COMPLIANCE, COMPENSATION, IMAGING AND WORKFLOW SYSTEMS FOR BOTH BROKER/DEALERS AND RIA FIRMS.

Name: GLOBAL RELAY COMMUNICATIONS INC.

Business Address: 220 CAMBIE STREET
2ND FLOOR
VANCOUVER, BRITISH COLUMBIA V6B2M9

Effective Date: 11/30/2009

Description: FIRM MESSAGE ARCHIVING AND REVIEW SYSTEM. GLOBAL RELAY IS A PROVIDER OF FULLY COMPLIANT, CLOUD-BASED MESSAGE ARCHIVING, SUPERVISION AND EDISCOVERY SOLUTIONS FOR THE GLOBAL FINANCIAL SECTOR AND OTHER HIGHLY REGULATED INDUSTRIES.

Name: EBRIDGE INC.

Business Address: 1018 N WARD STREET
TAMPA, FL 33607

Effective Date: 12/31/2009

Description: ELECTRONIC STORAGE OF CERTAIN FIRM BOOKS AND RECORDS, INCLUDING BUT NOT LIMITED TO CORPORATE ACCOUNTING, BRANCH, PERSONNEL AND HISTORICAL CLIENT-RELATED RECORDS. EBRIDGE IS A CLOUD-BASED DOCUMENT MANAGEMENT AND STORAGE SYSTEM.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BLVD
BOSTON, MA 02210



Firm Operations

Industry Arrangements (continued)

Effective Date: 08/08/2011
Description: CALTON & ASSOCIATES, INC. HAS A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES LLC

Name: HILLTOP SECURITIES INC.
CRD #: 6220

Business Address: 717 N. HARWOOD STREET
 SUITE 3400
 DALLAS, TX 75201

Effective Date: 02/01/1988
Description: CALTON & ASSOCIATES, INC. HAS FULLY DISCLOSED CLEARING AGREEMENTS WITH HILLTOP SECURITIES.

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

Name: HILLTOP SECURITIES INC.
CRD #: 6220

Business Address: 717 N. HARWOOD STREET
 SUITE 3400
 DALLAS, TX 75201

Effective Date: 06/12/1988
Description: GENERAL CORPORATE FUNDS AND INVENTORY COLLATERAL.

Name: LAKESIDE BANK

Business Address: 141 W JACKSON BLVD
 CHICAGO, IL 60604

Effective Date: 05/28/2013
Description: COMMISSION SETTLEMENT ACCOUNT FOR NSCC COMMISSIONS RECEIVABLE

Name: BANK OF AMERICA
Business Address: 101 E KENNEDY DRIVE
 SUITE 500
 TAMPA, FL 33602

Effective Date: 09/18/1987
Description: GENERAL CORPORATE FUNDS

Name: NATIONAL FINANCIAL SERVICES LLC

Firm Operations



Industry Arrangements (continued)

CRD #: 13041

Business Address: 200 SEAPORT BLVD
BOSTON, MA 02210

Effective Date: 08/08/2011

Description: CALTON & ASSOCIATES, INC. ACCOUNTS, FUNDS AND SECURITIES ARE HELD AT NATIONAL FINANCIAL SERVICES LLC OF WHICH WE HAVE FULLY DISCLOSED CLEARING AGREEMENT.

Name: HILLTOP SECURITIES INC.

CRD #: 6220

Business Address: 717 N. HARWOOD STREET
SUITE 3400
DALLAS, TX 75201

Effective Date: 02/01/1988

Description: CALTON & ASSOCIATES, INC. ACCOUNTS, FUNDS AND SECURITIES ARE HELD AT EITHER BANK OF AMERICA CORPORATION, LAKESIDE BANK (A BANK) OR HILLTOP SECURITIES. AND NATIONAL FINANCIAL SERVICES LLC OF WHICH WE HAVE FULLY DISCLOSED CLEARING AGREEMENTS.

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BLVD
BOSTON, MA 02210

Effective Date: 08/08/2011

Description: CALTON & ASSOCIATES, INC. INTRODUCES CUSTOMER ACCOUNTS AND CLEARS CUSTOMER TRADES THROUGH NATIONAL FINANCIAL SERVICES LLC PER FULLY DISCLOSED CLEARING AGREEMENTS.

Name: HILLTOP SECURITIES INC.

CRD #: 6220

Business Address: 717 N. HARWOOD STREET
SUITE 3400
DALLAS, TX 75201

Effective Date: 02/01/1988

Description: CALTON & ASSOCIATES, INC. INTRODUCES CUSTOMER ACCOUNTS AND CLEARS CUSTOMER TRADES THROUGH HILLTOP SECURITIES PER

Firm Operations



Industry Arrangements (continued)

FULLY DISCLOSED CLEARING AGREEMENTS.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is not, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	12	0
Arbitration	N/A	6	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 12

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 REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS SUITABILITY OBLIGATIONS IN CONNECTION WITH SALES OF NON-TRADITIONAL AND VOLATILITY-LINKED EXCHANGE TRADED PRODUCTS (ETPS). THE FINDINGS STATED THAT SALES OF VOLATILITY-LINKED ETPS WERE NOT ADDRESSED IN THE FIRM'S WRITTEN PROCEDURES, EXCEPTION REPORTING, OR TRAINING. THE FIRM ONLY REVIEWED SALES OF VOLATILITY-LINKED ETPS INCIDENTALLY, AS PART OF ITS NON-TRADITIONAL ETP TRADE REVIEW, IF THE ETP WAS ALSO LEVERAGED. TO THE EXTENT SUCH REVIEW TOOK PLACE, IT DID NOT FOCUS ON THE SIGNIFICANT AND WELL-KNOWN RISKS SPECIFIC TO VOLATILITY-LINKED ETPS. IN ADDITION, THE FIRM DID NOT CONDUCT SUITABILITY REVIEWS OR ESTABLISH WRITTEN SUITABILITY GUIDELINES REQUIRED UNDER THE ITS PROCEDURES AND FIRM SUPERVISORS DID NOT REGULARLY REVIEW ALL NON-TRADITIONAL ETP TRANSACTIONS, BUT RATHER, ONLY REVIEWED A PORTION OF SUCH TRANSACTIONS ON AN AD HOC BASIS. DURING A FINRA EXAMINATION, THE FIRM REPRESENTED TO FINRA THAT IT HAD RESTRICTED TRADING IN NON-TRADITIONAL ETPS, HAD IMPLEMENTED A NON-TRADITIONAL ETP DISCLOSURE DOCUMENT, AND WOULD REQUIRE ALL ITS REGISTERED REPRESENTATIVES TO UNDERGO TRAINING IN EXCHANGE-TRADED FUNDS (ETFs). IN FACT, THE FIRM HAD NOT IMPLEMENTED THE BLOCK, ONLY SPORADICALLY PROVIDED THE DISCLOSURE DOCUMENT TO CUSTOMERS, AND DID NOT PROVIDE TRAINING ON ETFs, INCLUDING NON-TRADITIONAL ETPS. THE FIRM ALSO LACKED A REASONABLE SUPERVISORY SYSTEM FOR MONITORING HOLDING PERIODS OF NON-TRADITIONAL ETPS, EVEN THOUGH THE PRODUCTS ARE TYPICALLY NOT SUITABLE FOR LONG-TERM INVESTMENT, BECAUSE THE FIRM RELIED UPON A SINGLE SUPERVISOR'S AD HOC REVIEWS. THE FINDINGS ALSO STATED THAT THE FIRM MADE UNSUITABLE RECOMMENDATIONS TO PURCHASE NON-TRADITIONAL AND VOLATILITY-LINKED ETPS. THE FIRM FAILED TO CONDUCT REASONABLE DILIGENCE TO UNDERSTAND THE FEATURES AND RISKS OF NON-TRADITIONAL AND VOLATILITY-LINKED ETPS BEFORE ALLOWING REPRESENTATIVES TO OFFER THEM TO CUSTOMERS. AS A RESULT, THE FIRM'S REPRESENTATIVES SOLD NON-TRADITIONAL AND VOLATILITY-LINKED ETPS TO CUSTOMERS WITHOUT UNDERSTANDING THE PRODUCTS' FEATURES AND RISKS, INCLUDING THAT SUCH PRODUCTS WERE ONLY MEANT TO BE HELD ON A SHORT-TERM BASIS. ONE OF THE CONSEQUENCES WAS THAT MANY CUSTOMERS HELD NON-TRADITIONAL AND VOLATILITY-LINKED ETP POSITIONS FOR LONGER PERIODS OF TIME, THEREBY INCURRING LOSSES. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO OFFER RETAIL CUSTOMERS EDUCATIONAL MATERIALS PRIOR TO THEIR FIRST PURCHASES OF COLLATERALIZED MORTGAGE OBLIGATIONS. AFTER FINRA COMMENCED



INQUIRIES ABOUT WHETHER MATERIALS HAD BEEN OFFERED, THE FIRM PROVIDED THE MATERIALS TO THE CUSTOMERS. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 2216(B)(2). FINRA ALSO FOUND THAT THE FIRM PERMITTED AN INDIVIDUAL TO SUPERVISE A REGISTERED REPRESENTATIVE, EVEN THOUGH THE REPRESENTATIVE DETERMINED AND PAID THE SUPERVISOR'S COMPENSATION AFTER HIRING HER AND HAD THE AUTHORITY TO DETERMINE WHETHER SHE REMAINED EMPLOYED. THE SUPERVISOR'S COMPENSATION CONSISTED OF A SHARE OF AS MUCH AS FIVE PERCENT OF THE REPRESENTATIVE'S COMMISSIONS, A HOUSING SUBSIDY TO LIVE IN A RESIDENCE OWNED BY THE REPRESENTATIVE'S SPOUSE, AND A SALARY. IN ADDITION, FINRA DETERMINED THAT THE FIRM ALLOWED A NON-REGISTERED PERSON TO ENGAGE IN THE SECURITIES BUSINESS OF THE FIRM BY ACCEPTING AND ENTERING CUSTOMERS' SECURITIES ORDERS AT THE BRANCH OPERATED BY THE REPRESENTATIVE, AFTER THE REPRESENTATIVE HAD HIRED HIM AS A BRANCH ASSISTANT. THE FIRM DID NOT REASONABLY SUPERVISE THE NON-REGISTERED PERSON TO ENSURE THAT HE WAS APPROPRIATELY REGISTERED OR EXCLUSIVELY PERFORMING TASKS THAT DID NOT REQUIRE REGISTRATION.

Initiated By: FINRA

Date Initiated: 05/18/2021

Docket/Case Number: [2018060466201](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/18/2021

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 \$250,000.00
 Disgorgement/Restitution

Other Sanctions Ordered: PLUS INTEREST; UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$250,000, ORDERED TO PAY \$472,007.20, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT. FINE PAID IN FULL ON JUNE 2, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE PERIOD FROM FEBRUARY 2014 TO FEBRUARY 2020, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SUITABILITY OBLIGATIONS IN CONNECTION WITH SALES TO CUSTOMERS WHO PURCHASED NON-TRADITIONAL AND VOLATILITY-LINKED EXCHANGE TRADED PRODUCTS ("ETPS") IN VIOLATION OF NASD RULE 3010(A) AND FINRA RULES 2111, 3110(A) AND 2010. DURING THE PERIOD FROM JANUARY 1, 2018 TO JUNE 21, 2018, THE FIRM FAILED TO OFFER RETAIL CUSTOMERS EDUCATIONAL MATERIALS PRIOR TO THEIR FIRST PURCHASES OF COLLATERALIZED MORTGAGE OBLIGATIONS ("CMOS") IN VIOLATION OF FINRA RULES 2216(B)(2) AND 2010, AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES ("WSPS"), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 2216(B)(2), IN VIOLATION OF FINRA RULES 3110 AND 2010. THE FIRM ALSO UNREASONABLY ASSIGNED AN INDIVIDUAL TO SUPERVISE A REGISTERED REPRESENTATIVE DESPITE THE PRESENCE OF A CONFLICT OF INTEREST, IN VIOLATION OF FINRA RULES 3110(A)(6), 3110(B)(6), AND 2010, AND IT ALLOWED A NON-REGISTERED PERSON TO ACCEPT AND ENTER SECURITIES ORDERS, IN VIOLATION OF NASD RULE 1031 AND FINRA RULES 1210, 3110, AND 2010.

Initiated By: FINRA

Date Initiated: 05/18/2021

Docket/Case Number: [2018060466201](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES



Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/18/2021
Sanctions Ordered:	Censure Monetary/Fine \$250,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	PLUS INTEREST; UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$250,000, ORDERED TO PAY \$472,007.20, PLUS INTEREST, INRESTITUTION TO CUSTOMERS AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT.
Firm Statement	THE FIRM HAS REVISED OR IS IN THE PROCESS OF REVISING ITS WSPS, PROCESSES AND SUPERVISORY SYSTEMS TO ADDRESS THE INFRACTIONS RELATED TO NON-TRADITIONAL AND VOLATILITY ETPS AND OFFERING TO RETAIL CUSTOMERS EDUCATIONAL MATERIALS PRIOR TO THEIR FIRST PURCHASE OF CMOS. THE FIRM HAS UPDATED ITS SUPERVISORY SYSTEM ENABLING IT TO IDENTIFY AND FLAG ETPS AND CMO TRANSACTIONS. THE FIRM HAS REMEDIED THE CONFLICT RELATING TO SUPERVISION AND THE NON-REGISTERED PERSON NO LONGER ACCEPTS AND ENTERS SECURITIES ORDERS.

Disclosure 2 of 12

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 REPORTED TO TRACE CUSTOMER ALLOCATION TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS THAT SHOULD HAVE BEEN REPORTED AS BLOCK TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM EXECUTED BLOCK TRADES IN TRACE-ELIGIBLE SECURITIES WITH AN INVESTMENT ADVISOR NOT AFFILIATED WITH THE FIRM. THE BLOCK ORDERS WERE THEN ALLOCATED TO THE INVESTMENT ADVISOR'S CUSTOMERS' ACCOUNTS, RESULTING IN CUSTOMER ALLOCATION TRANSACTIONS. THE FIRM IN TURN REPORTED TO TRACE THE CUSTOMER ALLOCATION TRANSACTIONS WHEN IT SHOULD HAVE ONLY REPORTED THE BLOCK TRADES IT EXECUTED WITH THE INVESTMENT ADVISOR. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE



CORRECT CAPACITY AND/OR COMMISSION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM ENTERED FIXED INCOME TRANSACTIONS IT EXECUTED INTO ITS CLEARING FIRM'S SYSTEM FOR REPORTING TO TRACE. THE FIRM ENTERED THE TRANSACTIONS AS PRINCIPAL AND, FOR CERTAIN TRANSACTIONS, ALSO INCLUDED A FEE TO OFFSET THE CLEARING COSTS ASSOCIATED WITH THE TRADE. THE FIRM USED A UNIQUE PRINCIPAL DESIGNATION OFFERED BY ITS CLEARING FIRM TO REPORT SUCH CLEARING COST FEES IN THE COMMISSION FIELD. TRACE DOES NOT ALLOW THE SUBMISSION OF PRINCIPAL TRANSACTIONS WITH COMMISSIONS. BECAUSE OF THIS RESTRICTION, AND UNBEKNOWNST TO THE FIRM, ITS CLEARING FIRM CHANGED THE PRINCIPAL CAPACITY FOR THESE TRANSACTIONS TO AGENT IN THE RELEVANT TRACE REPORTS. AS A RESULT, THE PUBLICLY DISSEMINATED TRACE REPORTS INACCURATELY REPORTED THE FIRM AS HAVING ACTED IN AN AGENCY CAPACITY IN CONNECTION WITH THESE TRANSACTIONS WHEN, IN FACT, IT HAD ACTED IN A PRINCIPAL CAPACITY. IN SOME TRANSACTIONS, THE FIRM NOT ONLY INACCURATELY REPORTED THAT IT ACTED IN AN AGENCY CAPACITY WHEN IT ACTED IN A PRINCIPAL CAPACITY, BUT ALSO INACCURATELY REPORTED CLEARING COST FEES AS COMMISSIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM, INCLUDING WSPS, TO SUPERVISE THE ACTIVITIES OF EACH ASSOCIATED PERSON THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES, SPECIFICALLY THOSE CONCERNING THE FIRM'S COMPLIANCE WITH TRACE REPORTING RULES. THE WSPS FAILED TO DESCRIBE THE SUPERVISORY STEPS TO BE TAKEN BY THE DESIGNATED SUPERVISOR TO REVIEW FOR, AMONG OTHER THINGS, THE ACCURACY OF THE FIRM'S TRACE REPORTS. THE WSPS ALSO FAILED TO DESCRIBE WHAT TRACE NOTICES AND/OR REPORTS ANY SUCH SUPERVISOR SHOULD CONSULT IN CONDUCTING REVIEWS. ALTHOUGH THE FIRM REVIEWED THE INFORMATION IT ENTERED INTO ITS CLEARING FIRM'S SYSTEM BEFORE IT WAS REPORTED TO TRACE FOR LONG AND SHORT POSITIONS, PROFIT AND LOSS, AND ACTIVITY/TRADE AMOUNT, IT DID NOT INCLUDE A REVIEW OF THE ACCURACY OF THE TRACE REPORTS, OR THE ACCURACY OF ITS CAPACITY/COMMISSION ENTRIES. ALSO, THE FIRM'S FRONTLINE SUPERVISION OF ITS TRACE REPORT AMOUNTED TO A REVIEW OF REPORTS GENERATED BY ITS CLEARING FIRM, YET NONE OF THOSE REPORTS CONTAINED INFORMATION THAT WOULD HAVE ALLOWED THE FIRM TO VERIFY THE ACCURACY OF ITS TRACE REPORTS.

Initiated By: FINRA
Date Initiated: 12/18/2020
Docket/Case Number: [2019062882101](#)



Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/18/2020

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 \$18,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$18,000, AND REQUIRED TO UPDATE ITS WSPS WITH RESPECT TO TRACE REPORTING. FINE PAID IN FULL ON DECEMBER 30, 2020.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT REPORTED TO TRACE CUSTOMER ALLOCATION TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS THAT SHOULD HAVE BEEN REPORTED AS BLOCK TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM EXECUTED BLOCK TRADES IN TRACE-ELIGIBLE SECURITIES WITH AN INVESTMENT ADVISOR NOT AFFILIATED WITH THE FIRM. THE BLOCK ORDERS WERE THEN ALLOCATED TO THE INVESTMENT ADVISOR'S CUSTOMERS' ACCOUNTS, RESULTING IN CUSTOMER ALLOCATION TRANSACTIONS. THE FIRM IN TURN REPORTED TO TRACE THE CUSTOMER ALLOCATION TRANSACTIONS WHEN IT SHOULD HAVE ONLY REPORTED THE BLOCK TRADES IT EXECUTED WITH THE INVESTMENT ADVISOR. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE CORRECT CAPACITY AND/OR COMMISSION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM ENTERED FIXED INCOME



TRANSACTIONS IT EXECUTED INTO ITS CLEARING FIRM'S SYSTEM FOR REPORTING TO TRACE. THE FIRM ENTERED THE TRANSACTIONS AS PRINCIPAL AND, FOR CERTAIN TRANSACTIONS, ALSO INCLUDED A FEE TO OFFSET THE CLEARING COSTS ASSOCIATED WITH THE TRADE. THE FIRM USED A UNIQUE PRINCIPAL DESIGNATION OFFERED BY ITS CLEARING FIRM TO REPORT SUCH CLEARING COST FEES IN THE COMMISSION FIELD. TRACE DOES NOT ALLOW THE SUBMISSION OF PRINCIPAL TRANSACTIONS WITH COMMISSIONS. BECAUSE OF THIS RESTRICTION, AND UNBEKNOWNST TO THE FIRM, ITS CLEARING FIRM CHANGED THE PRINCIPAL CAPACITY FOR THESE TRANSACTIONS TO AGENT IN THE RELEVANT TRACE REPORTS. AS A RESULT, THE PUBLICLY DISSEMINATED TRACE REPORTS INACCURATELY REPORTED THE FIRM AS HAVING ACTED IN AN AGENCY CAPACITY IN CONNECTION WITH THESE TRANSACTIONS WHEN, IN FACT, IT HAD ACTED IN A PRINCIPAL CAPACITY. IN SOME TRANSACTIONS, THE FIRM NOT ONLY INACCURATELY REPORTED THAT IT ACTED IN AN AGENCY CAPACITY WHEN IT ACTED IN A PRINCIPAL CAPACITY, BUT ALSO INACCURATELY REPORTED CLEARING COST FEES AS COMMISSIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM, INCLUDING WSPS, TO SUPERVISE THE ACTIVITIES OF EACH ASSOCIATED PERSON THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES, SPECIFICALLY THOSE CONCERNING THE FIRM'S COMPLIANCE WITH TRACE REPORTING RULES. THE WSPS FAILED TO DESCRIBE THE SUPERVISORY STEPS TO BE TAKEN BY THE DESIGNATED SUPERVISOR TO REVIEW FOR, AMONG OTHER THINGS, THE ACCURACY OF THE FIRM'S TRACE REPORTS. THE WSPS ALSO FAILED TO DESCRIBE WHAT TRACE NOTICES AND/OR REPORTS ANY SUCH SUPERVISOR SHOULD CONSULT IN CONDUCTING REVIEWS. ALTHOUGH THE FIRM REVIEWED THE INFORMATION IT ENTERED INTO ITS CLEARING FIRM'S SYSTEM BEFORE IT WAS REPORTED TO TRACE FOR LONG AND SHORT POSITIONS, PROFIT AND LOSS, AND ACTIVITY/TRADE AMOUNT, IT DID NOT INCLUDE A REVIEW OF THE ACCURACY OF THE TRACE REPORTS, OR THE ACCURACY OF ITS CAPACITY/COMMISSION ENTRIES. ALSO, THE FIRM'S FRONTLINE SUPERVISION OF ITS TRACE REPORT AMOUNTED TO A REVIEW OF REPORTS GENERATED BY ITS CLEARING FIRM, YET NONE OF THOSE REPORTS CONTAINED INFORMATION THAT WOULD HAVE ALLOWED THE FIRM TO VERIFY THE ACCURACY OF ITS TRACE REPORTS.

Initiated By: FINRA
Date Initiated: 12/18/2020
Docket/Case Number: [2019062882101](#)
Principal Product Type: Other



Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/18/2020
Sanctions Ordered:	Censure Monetary/Fine \$18,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$18,000, AND REQUIRED TO UPDATE ITS WSPS WITH RESPECT TO TRACE REPORTING.
Firm Statement	CALTON & ASSOCIATES, INC., IN AN EFFORT TO COVER CLEARING COSTS, ADDED MINIMAL DOLLAR AMOUNTS WITHIN A COMMISSION FIELD COMPONENT OF OUR CLEARING FIRMS TRADING SYSTEM, WHILE TRADING IN A PRINCIPAL CAPACITY. THE TRACE SYSTEM DOES NOT RECOGNIZE PRINCIPAL TRANSACTIONS THAT INCLUDE COMMISSION AMOUNTS. AS A RESULT, THE EFFECTED TRADES WERE CONVERTED TO AGENCY. WHILE NO CUSTOMERS WERE HARMED AS A RESULT, THE ERRORS CREATED AUDIT TRAIL AND BOOKS AND RECORDS INACCURACIES.

Disclosure 3 of 12

Reporting Source:	Regulator
Current Status:	Final
Allegations:	IA RELEASE 40-5170 / MARCH 11, 2019: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST CALTON & ASSOCIATES, INC. ("RESPONDENT"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY AND INADEQUATE DISCLOSURES BY THE RESPONDENT IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES AND THE FEES IT RECEIVED. AT TIMES DURING THE RELEVANT PERIOD, RESPONDENT PURCHASED, RECOMMENDED, OR HELD FOR ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT CHARGED 12B-1 FEES INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME FUNDS FOR WHICH THE CLIENTS WERE ELIGIBLE. RESPONDENT



RECEIVED 12B-1 FEES IN CONNECTION WITH THESE INVESTMENTS. RESPONDENT FAILED TO DISCLOSE IN ITS FORM ADV OR OTHERWISE THE CONFLICTS OF INTEREST RELATED TO (A) ITS RECEIPT OF 12B-1 FEES, AND/OR (B) ITS SELECTION OF MUTUAL FUND SHARE CLASSES THAT PAY SUCH FEES. DURING THE RELEVANT PERIOD, RESPONDENT RECEIVED 12B-1 FEES FOR ADVISING CLIENTS TO INVEST IN OR HOLD SUCH MUTUAL FUND SHARE CLASSES. AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED SECTIONS 206(2) AND 207 OF THE ADVISERS ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/11/2019

Docket/Case Number: 3-19073

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 03/11/2019

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes

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

Other Sanctions Ordered: UNDERTAKINGS AND PREJUDGMENT INTEREST

Sanction Details: THE RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 207 OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$278,157.85 AND PREJUDGMENT INTEREST OF \$26,886.76, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.

Regulator Statement RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO



IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 207 OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$278,157.85 AND PREJUDGMENT INTEREST OF \$26,886.76, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.

RESPONDENT SELF-REPORTED TO THE COMMISSION THE VIOLATIONS DISCUSSED IN THIS ORDER PURSUANT TO THE DIVISION OF ENFORCEMENT'S SHARE CLASS SELECTION DISCLOSURE INITIATIVE ("SCSD INITIATIVE"). ACCORDINGLY, THIS ORDER AND RESPONDENT'S OFFER ARE BASED ON THE INFORMATION SELF-REPORTED BY RESPONDENT.

Reporting Source: Firm

Current Status: Final

Allegations: BREACH OF FIDUCIARY DUTY AND INADEQUATE DISCLOSURE IN CONNECTION WITH MUTUAL FUND SHARE CLASS SELECTION PRACTICES AND FEES RECEIVED UNDER RULE 12B-1 OF THE INVESTMENT COMPANY ACT OF 1940. CALTON FAILED TO ADEQUATELY DISCLOSE TO CLIENTS CONFLICTS OF INTEREST RELATING TO CALTON'S RECEIPT OF 12B-1 FEES AND/OR SELECTION OF MUTUAL FUND SHARE CLASSES THAT PAY SUCH FEES. DURING THE RELEVANT TIME PERIOD, CALTON CHARGED 12B-1 FEES WHEN LOWER COST SHARE CLASSES OF THOSE SAME FUNDS WERE AVAILABLE. DURING THE RELEVANT TIME PERIOD, CALTON RECEIVED 12B-1 FEES FOR ADVISING CLIENTS TO INVEST IN OR HOLD MUTUAL FUND SHARE CLASSES.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/11/2019

Docket/Case Number: 3-19073

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:



Resolution:	Order
Resolution Date:	03/11/2019
Sanctions Ordered:	Censure Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	UNDERTAKINGS AND PREJUDGMENT INTEREST
Sanction Details:	THE RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 207 OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$278,157.85 AND PREJUDGMENT INTEREST OF \$26,886.76, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.
Firm Statement	CALTON ELECTED TO SELF-REPORT UNDER THE SEC'S SHARE CLASS SELECTION DISCLOSURE ("SCSD") INITIATIVE. AS A RESULT OF CALTON'S SELF-REPORTING, CALTON CONSENTED TO THE ABOVE ORDER. IN ITS RELEASE ON MARCH 11, 2019, THE SEC DESCRIBED THE SCSD INITIATIVE AS "AN EFFICIENT APPROACH TO REMEDY A PERVASIVE PROBLEM." CALTON WAS ONE OF 79 INVESTMENT ADVISERS INCLUDED IN THE SEC'S INITIAL RELEASE OF SCSD ORDERS, AND CALTON'S DISGORGEMENT AMOUNT OF \$305,044.61 TO AFFECTED INVESTORS WAS A PORTION OF THE OVERALL SUM OF MORE THAN \$125 MILLION OF SCSD DISGORGEMENTS ORDERED AS OF THE SEC'S MARCH 11, 2019 RELEASE. BEGINNING IN JUNE 2018, CALTON ADOPTED A POLICY OF CREDITING BACK TO EACH CLIENT'S ACCOUNT ANY 12B-1 FEES RECEIVED BY CALTON OR ANY OF ITS REPRESENTATIVES FROM THE SALE OF MUTUAL FUNDS IN ADVISORY ACCOUNTS.

Disclosure 4 of 12

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 REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE WITHIN THE TIME REQUIRED BY FINRA RULE 6730(A).
Initiated By:	FINRA
Date Initiated:	09/14/2016
Docket/Case Number:	2015046491801



Principal Product Type: Other
Other Product Type(s): TRACE-ELIGIBLE SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/14/2016
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS FINED \$5,000.
 FINE PAID IN FULL ON OCTOBER 1, 2016.

Reporting Source: Firm
Current Status: Final
Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE WITHIN THE TIME REQUIRED BY FINRA RULE 6730(A).
Initiated By: FINRA
Date Initiated: 09/14/2016
Docket/Case Number: [2015046491801](#)
Principal Product Type: Other
Other Product Type(s): TRACE-ELIGIBLE SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought: Other



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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/14/2016

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$5,000.00

Disclosure 5 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: ON 1/14/2009, THE OFFICE EXECUTED A STIPULATION AND CONSENT AGREEMENT WHEREBY CALTON NEITHER ADMITTED NOR DENIED BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE AS FOLLOWS: 1.) FAILURE TO APPROVE SEMINAR ADS AND SALES LITERATURE BEFORE ITS FIRST USE OR SUBMISSION TO NASD'S ADVERTISING REGULATION DEP'T, 2.) FAILURE TO SUBMIT SEMINAR ADS AND SALES LITERATURE REFERENCING VARIABLE ANNUITIES AND CMO'S TO NASD'S ADVERTISING REGULATION DEP'T WITHIN 10 BUSINESS DAYS OF FIRST USE OR PUBLICATION, 3.) FAILURE TO RETAIN SEMINAR ADS AND SALES LITERATURE, AND; 4.) INTERNAL INSPECTIONS WERE NOT REASONABLY DESIGNED TO ASSIST IN DETECTING AND PREVENTING VIOLATIONS OF APPLICABLE SECURITIES REGULATIONS, INCLUDING THE USE OF UNAPPROVED ADVERTISING AND THE USE OF A PRIVATE E-MAIL ACCOUNT BY ONE OF ITS REGISTERED REPRESENTATIVES TO TRANSACT SECURITIES BUSINESS.

Initiated By: FLORIDA OFFICE OF FINANCIAL REGULATION ("OFFICE")

Date Initiated: 01/14/2009

Docket/Case Number: 0363-S-11/07

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE PENALTIES / FINES



Resolution: Order

Resolution Date: 01/15/2009

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: Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: ON 1/15/2009, THE OFFICE ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT WHEREBY CALTON NEITHER ADMITTED NOR DENIED THE OFFICE'S FINDINGS BUT AGREED TO THE FOLLOWING: 1.) TO HIRE AN INDEPENDENT CONSULTANT WITHIN 30 DAYS OF THE ENTRY OF THE FINAL ORDER TO REVIEW THE FIRM'S SUPERVISORY PROCEDURES INCLUDING THOSE RELATING TO SALES ACTIVITIES, BRANCH ACTIVITIES, INTERNAL AUDITS, SEMINARS, AND BRANCH OFFICE SUPERVISION, 2.) TO IMPLEMENT ALL RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT, AND; 3.) TO PROVIDE A COPY OF THE INDEPENDENT CONSULTANT'S REPORT ALONG WITH A LETTER ATTESTING TO THE ADOPTION OF THE INDEPENDENT CONSULTANT'S RECOMMENDATIONS.

Sanction Details: PER FINAL ORDER DATED 1/15/2009, CALTON PAID THE \$5,000.00 ADMINISTRATIVE FINE IN FULL AS OF 1/22/2009.

Reporting Source: Firm

Current Status: Final

Allegations: BRANCH OFFICE FAILED TO SUBMIT SEMINAR ADVERTISING AND SALES LITERATURE FOR APPROVAL PRIOR TO USE.

Initiated By: STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 01/14/2009

Docket/Case Number: 0363-S-11/07

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought:	STIPULATION & CONSENT AGREEMENT
Resolution:	Stipulation and Consent
Resolution Date:	01/14/2009
Sanctions Ordered:	Monetary/Fine \$5,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	FINE OF \$5000. PAID IN FULL ON 1/14/2009
Firm Statement	THE STATE OF FL CONDUCTED AN AUDIT ON ONE OF OUR BRANCHES AND FOUND AN ADVERTISING PIECE THAT WAS NOT SENT TO THE COMPLIANCE DEPARTMENT FOR APPROVAL. CALTON & ASSOCIATES HAD TO HIRE AN INDEPENDENT CONSULTANT TO REVIEW THE FIRM'S SUPERVISORY PROCEDURES AND TO IMPLEMENT ANY RECOMMENDATIONS THE INDEPENDENT CONSULTANTS HAD. CALTON & ASSOCIATES DID NOT ADMIT OR DENY THE FINDINGS BUT AGREED TO THE FINE AND CEASE AND DESIST AS WELL AS THE INDEPENDENT CONSULTANTS REVIEW.

Disclosure 6 of 12

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULES 2110 AND 3010; NASD MARKETPLACE RULE 6230(A)- RESPONDENT FIRM FAILED TO REPORT TO TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 45 MINUTES OF THE TIME OF EXECUTION. NASD FOUND THAT FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD CONCERNING TRACE REPORTING.
Initiated By:	NASD
Date Initiated:	10/27/2005
Docket/Case Number:	2004200022801
Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/27/2005

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

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

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$10,000. THE FIRM ALSO AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Reporting Source: Firm

Current Status: Final

Allegations: LATE REPORTING ON THE TRACE SYSTEM.

Initiated By: NASD

Date Initiated: 10/27/2005

Docket/Case Number: 20042000228-01 AWC

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: LETTER OF ACCEPTANCE, WAIVER AND CONSENT # 20042000228-01 AWC

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/27/2005

Sanctions Ordered: Censure



Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details:

THE APPLICANT:CALTON & ASSOCIATES, INC. PAID A FINE OF \$10,000 IN FULL ON 11/14/2005 CHECK#025064 AND HAD TO REVISE THE SUPERVISORY PROCEDURES CONCERNING TRACE REPORTING.THESE PROCEDURES GO INTO EFFECT ON 11/21/2005.

Firm Statement

OUR CLEARING FIRM SWS..FAILED TO REPORT OUR TRANSACTIONS IN A TIMELY MANNER DUE TO TECHNICAL DIFFICULTIES AND LATE REPORTING BY OUR TRADING DESK.

Disclosure 7 of 12

Reporting Source:

Regulator

Current Status:

Final

Allegations:

IN FEBRUARY 1993, CALTON AND ASSOCIATES NOTIFIED THE STATE THAT ONE OF ITS REPRESENTATIVES, JOHN W. WISDOM, CONDUCTED SECURITIES BUSINESS PRIOR TO REGISTRATION. WISDON WAS GRANTED REGISTRATION ON 5-13-93.

Initiated By:

FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECT*See FAQ #1*

Date Initiated:

09/30/1993

Docket/Case Number:

1912-S-7/93

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Stipulation and Consent

Resolution Date:

09/30/1993

Sanctions Ordered:

Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

ON 9-30-93, FLORIDA ENTERED A FINAL ORDER IN THE



MATTER OF CALTON & ASSOCIATES, INC. PURSUANT TO A STIPULATION AND CONSENT AGREEMENT, THE RESPONDENT AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES, TO PAY AN ADMINISTRATIVE FINE OF \$5000, AND TO ALSO PAY THE AMOUNT OF \$1,748.00. THE STATE AGREED TO APPROVE THE PENDING BRANCH APPLICATION FOR AN OFFICE IN NAPLES. THE FINE WAS PAID IN FULL ON 10-4-93.

Regulator Statement

CONTACT: NANCY WOOD/(904) 488-9805.

Reporting Source: Firm

Current Status: Final

Allegations: IN FEBRUARY 1993, CALTON & ASSOCIATES NOTIFIED THE STATE OF FLORIDA THAT ONE OF OUR REPRESENTATIVES (JOHN WISDOM) CONDUCTED SECURITIES BUSINESS PRIOR TO REGISTRATION. JOHN WISDOM WAS GRANTED REGISTRATION ON 05/13/1993.

Initiated By: FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION

Date Initiated: 09/30/1993

Docket/Case Number: 1912-S-7/93

Principal Product Type: Debt - Government

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 09/30/1993

Sanctions Ordered: Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: CALTON & ASSOCIATES AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF CHAPTER 517 OF FLORIDA STATUTES AND TO PAY AN ADMINISTRATIVE FINE OF \$5,000.,AND TO ALSO PAY THE AMOUNT OF \$1,748WHICH REPRESENTS THE COMMISSION MADE BY THE FIRM ON THE UNREGISTERED SALES MADE BY WISDOM. THE STATE AGREED TO APPROVE THE PENDING BRANCH APPLICATION FOR AN OFFICE IN



NAPLES. THE FINE WAS PAID IN FULL ON 10/04/1993

Firm Statement

A BROKER WITH OUR FIRM, JOHN WISDOM SOLD SOME MORTGAGE-BACKED SECURITIES TO HIS PARENTS WITHOUT BEING REGISTERED IN FLORIDA. WE AGREED TO PAY \$6,748. TO SETTLE THIS MATTER.

Disclosure 8 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: ON DECEMBER 9, 1998, THE DEPARTMENT ISSUED AN ADMINISTRATIVE COMPLAINT AGAINST RESPONDENTS TRP ADVISORY GROUP, INC. ("TRP"), ARAGON FINANCIAL SERVICES CORPORATION ("ARAGON"), CALTON AND ASSOCIATES, INC. ("CALTON"), TERRANCE PIPENHAGEN ("PIPENHAGEN"), SCOTT MICHAEL TOBER ("TOBER"), AND DWAYNE CALTON. THE DEPARTMENT ALLEGES THAT: TRP OPERATED AS A BROKER-DEALER WITHOUT LAWFUL REGISTRATION, ARAGON SOLD UNREGISTERED SECURITIES AND MADE UNSUITABLE RECOMMENDATIONS, CALTON SOLD UNREGISTERED SECURITIES AND FAILED TO PROPERLY SUPERVISE AN AGENT, PIPENHAGEN SOLD UNREGISTERED SECURITIES, SOLD SECURITIES WITHOUT THE BENEFIT OF PROPER REGISTRATION, AND MADE UNSUITABLE RECOMMENDATIONS, TOBER SOLD SECURITIES WITHOUT BEING PROPERLY REGISTERED WITH THE DEPARTMENT, AND DWAYNE CALTON OFFERED FOR SALE OR SOLD UNREGISTERED SECURITIES. THE RESPONDENTS HAVE 21 DAYS TO REQUEST A HEARING TO CONTEST THE DEPARTMENT ALLEGATIONS.

Initiated By: FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION

Date Initiated: 12/09/1998

Docket/Case Number: 2684-S-6/98

URL for Regulatory Action:

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:



Resolution: Stipulation and Consent
Resolution Date: 01/26/1999
Sanctions Ordered: Monetary/Fine \$1,500.00
Other Sanctions Ordered: NA
Sanction Details: NOT PROVIDED
Regulator Statement NA

Reporting Source: Firm
Current Status: Final
Allegations: CALTON & ASSOCIATES SOLD UNREGISTERED SECURITIES AND FAILED TO PROPERLY SUPERVISE AN AGENT.
Initiated By: FLORIDA DIVISION OF SECURITIES AND INVESTORS PROTECTION
Date Initiated: 12/09/1998
Docket/Case Number: 2808-S-7/98
Principal Product Type: Other
Other Product Type(s): REG-D
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent
Resolution Date: 01/22/1999
Sanctions Ordered: Monetary/Fine \$1,500.00
Other Sanctions Ordered:
Sanction Details: CALTON & ASSOCIATES AGREED TO A STIPULATION AND CONSENT AGREEMENT AND TO PAY A \$1,500. FEE FOR ADMINISTRATIVE COSTS. THE FEE WAS PAID IN FULL ON 12/24/1998 PAYABLE TO THE SECURITIES ANTI-FRAUD TRUST FUND.

Firm Statement CALTON & ASSOCIATES, INC. SOLD REG-D SECURITIES TO TWO FLORIDA RESIDENTS. THESE SECURITIES WERE INITIALLY EXEMPT FROM FLORIDA REGISTRATION. AFTER OUR TWO SALES THE GENERAL PARTNERS APPARANTLY ACCEPTED MORE THAN 35 NON-ACCREDITED INVESTORS



INTO THE PROGRAM. ALTHOUGH WE COULD NOT HAVE KNOWN IN ADVANCE THAT THIS WOULD OCCUR, FLORIDA ASKED US TO PAY A \$1,500. FINE AND WE ACCEPTED. WE BELIEVE THE CASE # ON OUR U6 IS INCORRECT. PLEASE CALL BILL REILLY TO CONFIRM (850)410-9805

Disclosure 9 of 12

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/29/1998

Docket/Case Number: C07980038

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/1998

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ON JUNE 29, 1998, DISTRICT NO. 7 NOTIFIED RESPONDENT CALTON & ASSOCIATES, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C07980038 WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$2,500 - (MSRB RULE G-37 - RESPONDENT MEMBER FAILED TO FILE ITS FORMS G-37 IN A TIMELY MANNER).

**** \$2,500 PAID ON 7/30/98, INVOICE NO. 98-07-587 *****

Reporting Source: Firm

Current Status: Final

Allegations:	FAILURE TO FILE FORM MSRG RULE G-37 IN A TIMELY MANNER.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	06/29/1998
Docket/Case Number:	C07980038
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:	06/29/1998
Sanctions Ordered:	Censure Monetary/Fine \$2,500.00
Other Sanctions Ordered:	
Sanction Details:	CALTON & ASSOCIATES, INC. WAS CENSURED AND FINED \$2,500. THE FINE WAS PAID IN FULL ON 07/30/1998.
Firm Statement	CALTON & ASSOCIATES FAILED TO FILE FORM G-37 IN A TIMELY MANNER.

Disclosure 10 of 12

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ALLEGES THAT CALTON & ASSOCIATES, INC. CONDUCTED SECURITIES BUSINESS FROM A BRANCH OFFICE LOCATION IN FLORIDA WITHOUT BENEFIT OF LAWFUL REGISTRATION.
Initiated By:	FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION
Date Initiated:	05/08/1998
Docket/Case Number:	2657-S-4/98
URL for Regulatory Action:	
Principal Product Type:	

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Stipulation and Consent**Resolution Date:** 05/08/1998**Sanctions Ordered:** Monetary/Fine \$5,000.00
Cease and Desist/Injunction**Other Sanctions Ordered:****Sanction Details:**

ON 5/8/98, THE FLORIDA DEPARTMENT OF BANKING ISSUED A FINAL ORDER ENTERING INTO A STIPULATION AND CONSENT AGREEMENT REGARDING RESPONDENT CALTON & ASSOCIATES, INC. THE FINAL ORDER INCORPORATED THE STIPULATION AND CONSENT AGREEMENT DATED 5/5/98 IN WHICH THE RESPONDENT CALTON & ASSOCIATES NEITHER ADMITTED NOR DENIED BUT CONSENTED TO THE ENTRY OF A FINDING BY THE DEPARTMENT THAT AN ASSOCIATED PERSON CONDUCTED A SECURITIES BUSINESS THROUGH AN UNREGISTERED BRANCH OFFICE. PURSUANT TO THE AGREEMENT, CALTON & ASSOCIATES AGREED TO CEASE AND DESIST ALL PRESENT AND FUTURE VIOLATIONS OF CHAPTER 517, F.S. AND THE RULES PROMULGATED THEREUNDER AND TO PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$5,000. THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS FILED BY CALTON & ASSOCIATES FOR REGISTRATION OF BRANCH OFFICES IN FLORIDA.

Regulator Statement

CONTACT: NANCY WOOD (850) 488-9530.

Reporting Source: Firm**Current Status:** Final**Allegations:** THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ALLEGES THAT CALTON & ASSOCIATES, INC. CONDUCTED SECURITIES BUSINESS FROM A BRANCH OFFICE LOCATION IN FLORIDA WITHOUT BENEFIT OF LAWFUL REGISTRATION.**Initiated By:** FLORIDA DIVISION OF SECURITIES AND INVESTORSPROTECTION



Date Initiated: 05/08/1998

Docket/Case Number: 2657-S-4/98

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 05/08/1998

Sanctions Ordered: Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:**Sanction Details:**

THE FINAL ORDER INCORPORATED THE STIPULATION AND CONSENT AGREEMENT DATED 05/05/1998 IN WHICH CALTON & ASSOCIATES NEITHER ADMITTED OR DENIED BUT CONSENTED TO THE ENTRY OF A FINDING BY THE DEPARTMENT THAT AN ASSOCIATED PERSON CONDUCTED A SECURITIES BUSINESS THROUGH AN UNREGISTERED BRANCH OFFICE. PURSUANT TO THE AGREEMENT, CALTON & ASSOCIATES AGREED TO CEASE AND DESIST ALL PRESENT AND FUTURE VIOLATIONS OF CHAPTER 517,F.S AND THE RULES PROMULGATED THEREUNDER AND TO PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$5,000. THE DEPARTMENT AGREED TO APPROVE THE APPLICATIONS FILED BY CALTON & ASSOCIATES FOR REGISTRATION OF BRANCH OFFICES IN FLORIDA.

Firm Statement

AN ASSOCIATED PERSON PLACED AN AD IN THE YELLOW PAGES AND WAS NOT REGISTERED AS A BRANCH OFFICE. ORDER ISSUED ACCEPTING THE STIPULATION AND CONCENT AGREEMENT.

Disclosure 11 of 12

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/13/1997

Docket/Case Number: C07960101

**Principal Product Type:****Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 08/13/1997**Sanctions Ordered:** Censure
Monetary/Fine \$250.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

ON AUGUST 13, 1997, DISTRICT NO. 7 NOTIFIED RESPONDENT CALTON & ASSOCIATES, INC. AND DWAYNE KENT CALTON THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C07960101 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$250, JOINTLY AND SEVERALLY - (MSRB RULE G-37 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT CALTON, FAILED TO FILE MSRB FORM G-37 WITHIN 30 DAYS).

****+ \$250.00 PAID J&S ON 09/03/97, INVOICE # 97-07-763 +****

Reporting Source: Firm**Current Status:** Final**Allegations:** FAILURE TO FILE MSRB FORM G-37 IN A TIMELY MANNER.**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS**Date Initiated:** 08/13/1997**Docket/Case Number:** C07960101**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: 08/13/1997

Sanctions Ordered: Censure
Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO C07960101 WAS ACCEPTED. CALTON & ASSOCIATES WAS CENSURED AND FINED \$250. JOINTLY AND SEVERALLY. THE FINE WAS PAID IN FULL ON 09/03/1997

Firm Statement CALTON & ASSOCIATES, INC FAILED TO FILE MSRB FORM G-37 WITHIN 30 DAYS.

Disclosure 12 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: CALTON & ASSOCIATES INC. FAILED TO REASONABLY SUPERVISE ITS SALESMAN WITH THE VIEW OF PREVENTING VIOLATIONS OF THE ARIZONA SECURITIES ACT

Initiated By: ARIZONA CORPORATION COMMISSION

Date Initiated: 07/17/1996

Docket/Case Number: S-3122-I

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 07/17/1996

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:



Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CALTON & ASSOCIATES INC. CONSENTED TO THE ENTRY OF AN ORDER THAT THE FIRM FAILED TO REASONABLY SUPERVISE A SALESMAN AND PAID A \$5,000 PENALTY

Regulator Statement CONTACT: STEPHEN BERKELEY (602) 542-0509

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO REASONABLY SUPERVISE A REPRESENTATIVE WITH THE VIEW OF PREVENTING VIOLATIONS OF THE ARIZONA SECURITIES ACT.

Initiated By: ARIZONA CORPORATION COMMISSION

Date Initiated: 07/17/1996

Docket/Case Number: S-3122-I

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE IN THE AMOUNT OF \$5,000.

Resolution: Consent

Resolution Date: 07/17/1996

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CALTON & ASSOCIATES CONSENTED TO THE ENTRY OF AN ORDER THAT THE FIRM FAILED TO REASONABLY SUPERVISE A SALESMAN AND PAID A \$5,000. PENALTY

Firm Statement DENNIS RYAN WAS CUSTODIAN FOR HIS MINOR DAUGHTER'S ACCOUNT. THE STATE OF ARIZONA FELT HE INVESTED SOME OF THESE FUNDS IMPROPERLY.



Arbitration Award - Award / Judgment

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

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

Disclosure 1 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum:	NASD
Case Initiated:	10/22/2002
Case Number:	02-05675
Disputed Product Type:	COMMON STOCK; CORPORATE BONDS; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$400,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/16/2003
Sum of All Relief Awarded:	\$61,500.01

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 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
Arbitration Forum:	NASD
Case Initiated:	05/12/2004
Case Number:	04-03428



Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$185,449.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/23/2005
Sum of All Relief Awarded: \$76,000.00

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

Disclosure 3 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS
Arbitration Forum: FINRA
Case Initiated: 05/06/2009
Case Number: [09-02171](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$337,859.83
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/26/2010
Sum of All Relief Awarded: \$607,775.33

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

Disclosure 4 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum: FINRA



Case Initiated: 01/21/2015
Case Number: [15-00126](#)
Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS; OPTIONS
Sum of All Relief Requested: \$25,045.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/21/2015
Sum of All Relief Awarded: \$15,425.01

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

Disclosure 5 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 10/29/1993
Case Number: [93-03102](#)
Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$14,496.64
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/24/1995
Sum of All Relief Awarded: \$18,249.11

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

Disclosure 6 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT



RELATED-NEGLIGENCE

Arbitration Forum: NASD
Case Initiated: 06/10/1996
Case Number: [96-02307](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
Sum of All Relief Requested: \$239,440.68
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/08/1997
Sum of All Relief Awarded: \$118,265.01

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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