

BrokerCheck Report

WFG INVESTMENTS, INC.

CRD# 22704

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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



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)



WFG INVESTMENTS, INC.

CRD# 22704

SEC# 8-39928

Main Office Location

2711 N HASKELL AVE.
SUITE 2900
DALLAS, TX 75204

Mailing Address

2711 N HASKELL AVE
SUITE 2900
DALLAS, TX 75204

Business Telephone Number

972-661-8700

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 06/08/1988.

Its fiscal year ends in June.

Firm History

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

Firm Operations

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

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	23
Civil Event	1
Arbitration	3

Registration Withdrawal Information

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



**This firm terminated or
withdrew registration on:** 09/22/2017

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



Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 06/08/1988.

Its fiscal year ends in June.

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.

WFG INVESTMENTS, INC.

Doing business as WFG INVESTMENTS, INC.

CRD# 22704

SEC# 8-39928

Main Office Location

2711 N HASKELL AVE.
SUITE 2900
DALLAS, TX 75204

Mailing Address

2711 N HASKELL AVE
SUITE 2900
DALLAS, TX 75204

Business Telephone Number

972-661-8700

Other Names of this Firm

Name	Where is it used
WILLIAMS FINANCIAL GROUP	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV,

WY



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):	WILLIAMS FINANCIAL GROUP
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	12/1998
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	WILLIAMS, DAVID WILSON 4178982
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT/CHIEF COMPLIANCE OFFICER
Position Start Date	09/2007
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):	WILLIAMS, WILSON HENRY 834161
Is this a domestic or foreign entity or an individual?	Individual
Position	CHAIRMAN OF THE BOARD, CEO
Position Start Date	06/1988

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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	WILLIAMS FAMILY DYNASTY TRUST
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	WILLIAMS FINANCIAL GROUP
Relationship to Direct Owner	OWNER
Relationship Established	12/1988
Percentage of Ownership	50% but less than 75%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	WILLIAMS, WILSON HENRY 834161
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	W H WILLIAMS FAMILY LP
Relationship to Direct Owner	LIMITED PARTNER
Relationship Established	12/1998
Percentage of Ownership	50% but less than 75%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	W.H. WILLIAMS FAMILY L.P.
Is this a domestic or foreign	Domestic Entity



Firm Profile

Indirect Owners (continued)

entity or an individual?

Company through which indirect ownership is established WILLIAMS FINANCIAL GROUP.

Relationship to Direct Owner OWNER

Relationship Established 12/1998

Percentage of Ownership 25% but less than 50%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): HALTOM, CHRISTOPHER
6204608

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

Company through which indirect ownership is established WILLIAMS DYNASTY TRUST

Relationship to Direct Owner TRUSTEE

Relationship Established 07/2012

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): MJNW, LLC

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

Company through which indirect ownership is established W.H. WILLIAMS FAMILY LP

Firm Profile



Indirect Owners (continued)

Relationship to Direct Owner	GENERAL PARTNER
Relationship Established	12/1998
Percentage of Ownership	Other General Partners
Does this owner direct the management or policies of the firm?	Yes
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 no longer registered.

The firm's registration was from 08/24/1988 to 03/12/2018.



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 19 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
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities
Other - INVESTMENT BANKING RELATED ACTIVITIES (IB).
RESEARCH DEPARTMENT (INSTITUTIONAL ONLY)

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 82 DEVONSHIRE STREET
BOSTON, MA 02109

Effective Date: 05/12/2004

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES, A WHOLLY OWNED AND FULLY GUARANTEED SUBSIDIARY OF FIDELITY INVESTMENTS, 82 DEVONSHIRE STREET, BOSTON, MA, 02109.

Name: PERSHING

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 03/02/1997

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH PERSHING, A DIVISION OF DONALDSON, LUFKIN & JENRETTE, ONE PERSHING PLAZA, JERSEY CITY, NJ 07399.

Firm Operations

Industry Arrangements



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

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 82 DEVONSHIRE STREET
 BOSTON, MA 02109
Effective Date: 05/12/2004
Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES, A WHOLLY OWNED AND FULLY GUARANTEED SUBSIDIARY OF FIDELITY INVESTMENTS, 82 DEVONSHIRE STREET, BOSTON, MA, 02109.

Name: ADVISORS CLEARING NETWORK, INC.
CRD #: 37466
Business Address: 35 HUGUS ALLEY
 SUITE 200
 PASADENA, CA 91103
Effective Date: 01/20/2004
Description: WILLIAMS FINANCIAL GROUP HAS ENTERED INTO A FULLY DISCLOSED CLEARING ARRANGEMENT WITH ACN.

Name: PERSHING
Business Address: ONE PERSHING PLAZA
 JERSEY CITY, NJ 07399
Effective Date: 03/02/1997
Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH PERSHING, A DIVISION OF DONALDSON LUFKIN & JENRETTE, ONE PERSHING PLAZA, JERSEY CITY, NJ 07399.

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

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 82 DEVONSHIRE STREET
 BOSTON, MA 02109
Effective Date: 05/12/2004

Firm Operations



Industry Arrangements (continued)

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES, A WHOLLY OWNED AND FULLY GUARANTEED SUBSIDIARY OF FIDELITY INVESTMENTS, 82 DEVONSHIRE STREET, BOSTON, MA, 02109.

Name: PERSHING

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 03/02/1997

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH PERSHING, A DIVISION OF DONALDSON LUFKIN & JENRETTE, ONE PERSHING PLAZA, JERSEY CITY, NJ 07399

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 82 DEVONSHIRE STREET
BOSTON, MA 02109

Effective Date: 05/12/2004

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES, A WHOLLY OWNED AND FULLY GUARANTEED SUBSIDIARY OF FIDELITY INVESTMENTS, 82 DEVONSHIRE STREET, BOSTON, MA, 02109.

Name: PERSHING

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 03/02/1997

Description: WILLIAMS FINANCIAL GROUP HAS EXECUTED A FULLY DISCLOSED CLEARING ARRANGEMENT WITH PERSHING, A DIVISION OF DONALDSON, LUFKIN & JENRETTE, ONE PERSHING PLAZA, JERSEY CITY, NJ 07399

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.

WFG ADVISORS, LP is under common control with the firm.

CRD #:	125073
Business Address:	2711 N HASKELL AVE SUITE 2900 DALLAS, TX 75204
Effective Date:	04/11/2003
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WFG ADVISORS, LP AND WFG INVESTMENTS, INC. ARE UNDER COMMON CONTROL OF THE (WILSON) WILLIAMS FINANCIAL GROUP.

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	23	0
Civil Event	0	1	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 23

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 SUPERVISE APPROPRIATELY THE SALES PRACTICES OF A REGISTERED REPRESENTATIVE WHO ENGAGED IN UNSUITABLE TRADING IN THE BROKERAGE AND ADVISORY ACCOUNTS OF HIS CUSTOMERS, PRIMARILY BY INAPPROPRIATELY CONCENTRATING HIS CUSTOMERS' ACCOUNTS IN LOW-PRICED SECURITIES. THE FINDINGS STATED THAT SENIOR PERSONNEL AT THE FIRM WERE AWARE OF RED FLAGS THAT THE REGISTERED REPRESENTATIVE WAS ENGAGED IN UNSUITABLE TRADING WITH RESPECT TO LOW-PRICED SECURITIES. NOTWITHSTANDING THEIR KNOWLEDGE OF THESE RED FLAGS, THE FIRM CONSISTENTLY FAILED TO TAKE ADEQUATE SUPERVISORY STEPS TO ENSURE THAT THE REGISTERED REPRESENTATIVE'S SALES OF LOW-PRICED SECURITIES TO HIS CUSTOMERS WERE SUITABLE. THE FIRM THUS FAILED TO APPROPRIATELY RESPOND TO THE RED FLAGS THAT WERE MADE AWARE OF AT TWO SEPARATE MEETINGS HELD AT ITS HEADQUARTERS THAT WERE ATTENDED BY SENIOR SUPERVISORY AND COMPLIANCE PERSONNEL, AS WELL AS THE REPRESENTATIVE'S DIRECT SUPERVISOR. THE FIRM AND ITS PERSONNEL FAILED TO FOLLOW UP APPROPRIATELY ON RED FLAG INFORMATION THAT THEY LEARNED ABOUT THE REPRESENTATIVE'S SALE PRACTICES DURING THE FIRST MEETING. DURING THE SECOND MEETING, THE FIRM'S CCO DIRECTED THAT TWO ACTIONS BE TAKEN AFTER THAT MEETING. FIRST, SHE REQUIRED THAT THE REPRESENTATIVE'S DIRECT SUPERVISOR, CONTACT THE REPRESENTATIVE'S CUSTOMERS TO ENSURE THAT THEY HAD APPROVED OF AND UNDERSTOOD THE ACTIVITY IN THEIR ACCOUNTS. THE REPRESENTATIVE'S DIRECT SUPERVISOR, HOWEVER, FAILED TO FOLLOW THROUGH WITH THIS TASK, AND NO ONE AT THE FIRM FOLLOWED UP WITH THE SUPERVISOR TO CONFIRM WHETHER THE CUSTOMERS HAD BEEN CONTACTED. SECOND, A COMPLIANCE MANAGER WAS CHARGED WITH THE RESPONSIBILITY OF DRAFTING A HEIGHTENED SUPERVISION PLAN FOR THE REPRESENTATIVE. ALTHOUGH THE COMPLIANCE MANAGER DRAFTED AND FORWARDED A PLAN TO THE FIRM'S COMPLIANCE DEPARTMENT, NEITHER HE NOR ANYONE ELSE AT THE FIRM (INCLUDING THE FIRM'S CCO, WHO WAS RESPONSIBLE FOR THE IMPLEMENTATION OF HEIGHTENED SUPERVISION PLANS) TOOK ANY STEPS ENSURE THAT IT WAS IMPLEMENTED. INDEED, DESPITE THE FIRM'S KNOWLEDGE OF NUMEROUS RED FLAGS REGARDING THE REPRESENTATIVE, HE WAS NEVER PLACED ON HEIGHTENED SUPERVISION DURING HIS TENURE WITH THE FIRM. ALSO, THE FIRM CONDUCTED AN INADEQUATE INSPECTION OF THE REPRESENTATIVE'S BRANCH OFFICE. THE COMPLIANCE MANAGER ASSIGNED TO CONDUCT THIS AUDIT HAD PARTICIPATED IN THE FIRST MEETING AT THE FIRM'S HEADQUARTERS. NOTWITHSTANDING HIS KNOWLEDGE OF POTENTIAL SALES PRACTICE VIOLATIONS INVOLVING LOW-PRICED SECURITIES, THE



AUDIT CONDUCTED BY HIM RELATED ONLY TO NON-SALES PRACTICE ISSUES, SUCH AS THE REVIEW OF CHANGE OF ADDRESS REQUESTS AND A CHECK OF CONTROLS OVER THE RECEIPT OF INCOMING MAIL. THEREBY, THIS SUPERVISORY FAILURE FACILITATED THE REPRESENTATIVE'S ONGOING SALES PRACTICE VIOLATIONS, WHICH CONTINUED OVER AN 18-MONTH PERIOD AT THE FIRM.

Initiated By: FINRA

Date Initiated: 05/31/2017

Docket/Case Number: [2015045755003](#)

Principal Product Type: Other

Other Product Type(s): LOW-PRICED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/31/2017

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 \$150,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$150,000.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUPERVISE APPROPRIATELY THE SALES PRACTICES OF A REGISTERED REPRESENTATIVE WHO ENGAGED IN UNSUITABLE TRADING IN THE BROKERAGE AND ADVISORY ACCOUNTS OF HIS CUSTOMERS, PRIMARILY BY INAPPROPRIATELY CONCENTRATING HIS CUSTOMERS' ACCOUNTS IN



LOW-PRICED SECURITIES. THE FINDINGS STATED THAT SENIOR PERSONNEL AT THE FIRM WERE AWARE OF RED FLAGS THAT THE REGISTERED REPRESENTATIVE WAS ENGAGED IN UNSUITABLE TRADING WITH RESPECT TO LOW-PRICED SECURITIES. NOTWITHSTANDING THEIR KNOWLEDGE OF THESE RED FLAGS, THE FIRM CONSISTENTLY FAILED TO TAKE ADEQUATE SUPERVISORY STEPS TO ENSURE THAT THE REGISTERED REPRESENTATIVE'S SALES OF LOW-PRICED SECURITIES TO HIS CUSTOMERS WERE SUITABLE. THE FIRM THUS FAILED TO APPROPRIATELY RESPOND TO THE RED FLAGS THAT WERE MADE AWARE OF AT TWO SEPARATE MEETINGS HELD AT ITS HEADQUARTERS THAT WERE ATTENDED BY SENIOR SUPERVISORY AND COMPLIANCE PERSONNEL, AS WELL AS THE REPRESENTATIVE'S DIRECT SUPERVISOR. THE FIRM AND ITS PERSONNEL FAILED TO FOLLOW UP APPROPRIATELY ON RED FLAG INFORMATION THAT THEY LEARNED ABOUT THE REPRESENTATIVE'S SALE PRACTICES DURING THE FIRST MEETING. DURING THE SECOND MEETING, THE FIRM'S CCO DIRECTED THAT TWO ACTIONS BE TAKEN AFTER THAT MEETING. FIRST, SHE REQUIRED THAT THE REPRESENTATIVE'S DIRECT SUPERVISOR, CONTACT THE REPRESENTATIVE'S CUSTOMERS TO ENSURE THAT THEY HAD APPROVED OF AND UNDERSTOOD THE ACTIVITY IN THEIR ACCOUNTS. THE REPRESENTATIVE'S DIRECT SUPERVISOR, HOWEVER, FAILED TO FOLLOW THROUGH WITH THIS TASK, AND NO ONE AT THE FIRM FOLLOWED UP WITH THE SUPERVISOR TO CONFIRM WHETHER THE CUSTOMERS HAD BEEN CONTACTED. SECOND, A COMPLIANCE MANAGER WAS CHARGED WITH THE RESPONSIBILITY OF DRAFTING A HEIGHTENED SUPERVISION PLAN FOR THE REPRESENTATIVE. ALTHOUGH THE COMPLIANCE MANAGER DRAFTED AND FORWARDED A PLAN TO THE FIRM'S COMPLIANCE DEPARTMENT, NEITHER HE NOR ANYONE ELSE AT THE FIRM (INCLUDING THE FIRM'S CCO, WHO WAS RESPONSIBLE FOR THE IMPLEMENTATION OF HEIGHTENED SUPERVISION PLANS) TOOK ANY STEPS ENSURE THAT IT WAS IMPLEMENTED. INDEED, DESPITE THE FIRM'S KNOWLEDGE OF NUMEROUS RED FLAGS REGARDING THE REPRESENTATIVE, HE WAS NEVER PLACED ON HEIGHTENED SUPERVISION DURING HIS TENURE WITH THE FIRM. ALSO, THE FIRM CONDUCTED AN INADEQUATE INSPECTION OF THE REPRESENTATIVE'S BRANCH OFFICE. THE COMPLIANCE MANAGER ASSIGNED TO CONDUCT THIS AUDIT HAD PARTICIPATED IN THE FIRST MEETING AT THE FIRM'S HEADQUARTERS. NOTWITHSTANDING HIS KNOWLEDGE OF POTENTIAL SALES PRACTICE VIOLATIONS INVOLVING LOW-PRICED SECURITIES, THE AUDIT CONDUCTED BY HIM RELATED ONLY TO NON-SALES PRACTICE ISSUES, SUCH AS THE REVIEW OF CHANGE OF ADDRESS REQUESTS AND A CHECK OF CONTROLS OVER THE RECEIPT OF INCOMING MAIL. THEREBY, THIS SUPERVISORY FAILURE FACILITATED THE REPRESENTATIVE'S ONGOING SALES PRACTICE VIOLATIONS, WHICH CONTINUED OVER AN 18-MONTH PERIOD AT THE FIRM.



Initiated By: FINRA
Date Initiated: 05/31/2017
Docket/Case Number: [2015045755003](#)
Principal Product Type: Other
Other Product Type(s): LOW-PRICED SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/31/2017
Sanctions Ordered: Censure
 Monetary/Fine \$150,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$150,000.

Disclosure 2 of 23

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 IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$68,975. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. THE FIRM FAILED TO ENSURE THAT PURCHASES WERE PROPERLY CODED IN ITS CLEARING FIRM'S SYSTEM AND RELIED PRIMARILY ON ITS CLEARING FIRM TO AGGREGATE SAME DAY PURCHASES FOR APPLICABLE VOLUME DISCOUNTS.

Initiated By: FINRA



Date Initiated: 06/10/2016

Docket/Case Number: [2014041680101](#)

Principal Product Type: Unit Investment Trust(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/10/2016

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: Censure
Monetary/Fine \$65,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$65,000, AND ORDERED TO PAY \$75,563.62, IN RESTITUTION TO CUSTOMERS.

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 IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$68,975. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. THE FIRM FAILED



TO ENSURE THAT PURCHASES WERE PROPERLY CODED IN ITS CLEARING FIRM'S SYSTEM AND RELIED PRIMARILY ON ITS CLEARING FIRM TO AGGREGATE SAME DAY PURCHASES FOR APPLICABLE VOLUME DISCOUNTS.

Initiated By: FINRA

Date Initiated: 06/10/2016

Docket/Case Number: 201404168010

Principal Product Type: Unit Investment Trust(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/10/2016

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: THE FIRM IS CENSURED, FINED \$65,000 AND ORDERED TO PAY \$75,563.62 IN RESTITUTION TO CUSTOMERS.

Disclosure 3 of 23

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO FAILURES TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES RELATED TO THE SALES OF ALTERNATIVE INVESTMENTS AND OF AN OTC EQUITY CONSTITUTE VIOLATIONS OF §115.10(B)(1) OF THE BOARD RULES.

Initiated By: TEXAS STATE SECURITIES BOARD

Date Initiated: 02/05/2014

Docket/Case Number: IC15-CF-03

Principal Product Type: Equity - OTC



Other Product Type(s): ALTERNATIVE INVESTMENTS
Principal Sanction(s)/Relief Sought: Reprimand
Other Sanction(s)/Relief Sought: ADMINISTRATIVE FINE OF \$175,000.00
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/03/2015
Sanctions Ordered: Monetary/Fine \$175,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS REPRIMANDED AND FINED \$175,000.00.

Disclosure 4 of 23

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 EFFECTED CUSTOMER TRANSACTIONS IN A MUNICIPAL SECURITY IN AN AMOUNT LOWER THAN THE MINIMUM DENOMINATION OF THE ISSUE WHICH WAS NOT SUBJECT TO AN EXCEPTION UNDER THE RULE. THE FINDINGS STATED THAT THE FIRM FAILED TO DISCLOSE ALL MATERIAL FACTS CONCERNING MUNICIPAL SECURITIES TRANSACTIONS AT OR PRIOR TO THE TIME OF TRADE. SPECIFICALLY, THE FIRM FAILED TO INFORM ITS CUSTOMER THAT THE MUNICIPAL SECURITIES TRANSACTION WAS IN AN AMOUNT BELOW THE MINIMUM DENOMINATION OF THE ISSUE. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULES, CONCERNING MUNICIPAL SECURITIES TRANSACTIONS EFFECTED ON BEHALF OF A CUSTOMER BELOW AN ISSUE'S MINIMUM DENOMINATIONS AS STATED ON RELEVANT OFFERING STATEMENTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO DESIGNATE A PROPERLY LICENSED AND REGISTERED MUNICIPAL SECURITIES PRINCIPAL TO OVERSEE THE FIRM'S MUNICIPAL SECURITIES ACTIVITIES.

Initiated By: FINRA
Date Initiated: 12/22/2015
Docket/Case Number: [2014042598101](#)



Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2015

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 \$42,500.00

Other Sanctions Ordered: RESCISSION; UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

Sanction Details: THE FIRM WAS CENSURED, FINED \$42,500, UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES, AND MUST OFFER RESCISSION TO THE CUSTOMERS WHO EXECUTED TRANSACTIONS AT EITHER THE ORIGINAL PURCHASE PRICE OR THE CURRENT FAIR MARKET VALUE, WHICHEVER IS HIGHER.

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 EFFECTED CUSTOMER TRANSACTIONS IN A MUNICIPAL SECURITY IN AN AMOUNT LOWER THAN THE MINIMUM DENOMINATION OF THE ISSUE WHICH WAS NOT SUBJECT TO AN EXCEPTION UNDER THE RULE. THE FINDINGS STATED THAT THE FIRM FAILED TO DISCLOSE ALL MATERIAL FACTS CONCERNING MUNICIPAL SECURITIES TRANSACTIONS AT OR PRIOR TO THE TIME OF TRADE. SPECIFICALLY, THE FIRM FAILED TO INFORM ITS CUSTOMER THAT THE MUNICIPAL SECURITIES TRANSACTION WAS IN AN AMOUNT BELOW THE MINIMUM DENOMINATION OF THE ISSUE. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE



COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULES, CONCERNING MUNICIPAL SECURITIES TRANSACTIONS EFFECTED ON BEHALF OF A CUSTOMER BELOW AN ISSUE'S MINIMUM DENOMINATIONS AS STATED ON RELEVANT OFFERING STATEMENTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO DESIGNATE A PROPERLY LICENSED AND REGISTERED MUNICIPAL SECURITIES PRINCIPAL TO OVERSEE THE FIRM'S MUNICIPAL SECURITIES ACTIVITIES.

Initiated By: FINRA

Date Initiated: 01/26/2015

Docket/Case Number: [2014042598101](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2015

Sanctions Ordered: Censure
Monetary/Fine \$42,500.00

Other Sanctions Ordered: RESCISSION; UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

Sanction Details: THE FIRM WAS CENSURED, FINED \$42,500, UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES AND MUST OFFER RESCISSION TO THE CUSTOMERS WHO EXECUTED TRANSACTIONS AT EITHER THE ORIGINAL PURCHASE PRICE OR THE CURRENT FAIR MARKET VALUE, WHICHEVER IS HIGHER.

Disclosure 5 of 23

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 CONDUCT APPROPRIATE DUE DILIGENCE AND SUPERVISION WITH RESPECT TO A PRIVATE PLACEMENT OFFERING THAT WAS SOLD BY A



REGISTERED REPRESENTATIVE AWAY FROM THE FIRM AS AN APPROVED PRIVATE SECURITIES TRANSACTION. THE FINDINGS STATED THAT THE FIRM FAILED TO SUPERVISE THE PRIVATE SECURITIES TRANSACTIONS OF ONE OF ITS REGISTERED REPRESENTATIVES THAT WERE EXECUTED THROUGH THE REPRESENTATIVE'S REGISTERED INVESTMENT ADVISORY (RIA) FIRM, IN CONTRAVENTION OF ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE THAT TRANSACTIONS EXECUTED IN ITS CUSTOMER ACCOUNTS WERE SUITABLE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS WSPS REGARDING A REGISTERED REPRESENTATIVE'S SALES OF ALTERNATIVE INVESTMENTS. FINRA FOUND THAT THE FIRM FAILED TO SUPERVISE STATEMENTS MADE BY ONE OF ITS REGISTERED REPRESENTATIVES, WHEN IT FAILED TO APPROPRIATELY MONITOR THE REPRESENTATIVE'S PROMOTION OF HIS INVESTMENT STRATEGY ON HIS WEEKLY RADIO BROADCAST. AS A RESULT, THE FIRM FAILED TO MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES. FINRA ALSO FOUND THAT THE FIRM FAILED TO TIMELY REPORT CUSTOMER COMPLAINTS TO THE 4530 REPORTING SYSTEM, FAILED TO TIMELY REPORT SETTLEMENTS AND FAILED TO TIMELY UPDATE FORMS U4 AND U5 OF ITS REGISTERED REPRESENTATIVES. WITH RESPECT TO COMPLAINTS THAT WERE REPORTED TO A REPRESENTATIVE BUT NOT DISCLOSED TO THE FIRM, THE FIRM FAILED TO TIMELY REPORT THE COMPLAINTS AFTER FINRA NOTIFIED THE FIRM ABOUT THEM.

Initiated By: FINRA

Date Initiated: 12/16/2014

Docket/Case Number: [2013035346501](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENT OFFERING

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/16/2014



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 \$700,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED \$700,000.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO CONDUCT APPROPRIATE DUE DILIGENCE AND SUPERVISION WITH RESPECT TO A PRIVATE PLACEMENT OFFERING THAT WAS SOLD BY A REGISTERED REPRESENTATIVE AWAY FROM THE FIRM AS AN APPROVED PRIVATE SECURITIES TRANSACTION. THEREBY, THE FIRM FAILED TO DETECT AND FOLLOW UP ON RED FLAGS THAT THE ENTITY THAT WAS TO PROVIDE ATMS TO THE PRIVATE PLACEMENT OFFERING WAS ENGAGED IN FRAUDULENT BUSINESS PRACTICES. THE FINDINGS STATED THAT THE FIRM FAILED TO SUPERVISE THE PRIVATE SECURITIES TRANSACTIONS OF ONE OF ITS REGISTERED REPRESENTATIVES THAT WERE EXECUTED THROUGH THE REPRESENTATIVE'S REGISTERED INVESTMENT ADVISORY (RIA) FIRM, IN CONTRAVENTION OF ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE THAT TRANSACTIONS EXECUTED IN ITS CUSTOMER ACCOUNTS WERE SUITABLE. AS A RESULT, ONE OF THE FIRM'S REGISTERED REPRESENTATIVES WAS ABLE TO ENGAGE IN UNSUITABLE ACTIVITIES WITH CUSTOMERS' ACCOUNTS, AND ANOTHER REPRESENTATIVE MADE UNSUITABLE RECOMMENDATIONS TO A RETIRED CLIENT WITH A CONSERVATIVE RISK TOLERANCE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS) REGARDING A REGISTERED REPRESENTATIVE'S SALES OF ALTERNATIVE INVESTMENTS. FINRA FOUND THAT THE FIRM FAILED TO SUPERVISE STATEMENTS MADE BY ONE OF ITS REGISTERED REPRESENTATIVES, WHEN IT FAILED TO APPROPRIATELY MONITOR THE REPRESENTATIVE'S PROMOTION OF HIS INVESTMENT STRATEGY ON HIS WEEKLY RADIO BROADCAST. AS A RESULT, THE FIRM FAILED TO MAINTAIN



A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES. FINRA ALSO FOUND THAT THE FIRM FAILED TO TIMELY REPORT CUSTOMER COMPLAINTS TO THE 4530 REPORTING SYSTEM, FAILED TO TIMELY REPORT SETTLEMENTS AND FAILED TO TIMELY UPDATE FORMS U4 OF ITS REGISTERED REPRESENTATIVES. WITH RESPECT TO COMPLAINTS THAT WERE REPORTED TO A REPRESENTATIVE BUT NOT DISCLOSED TO THE FIRM, THE FIRM FAILED TO TIMELY REPORT THE COMPLAINTS AFTER FINRA NOTIFIED THE FIRM ABOUT THEM.

Initiated By: FINRA

Date Initiated: 12/16/2014

Docket/Case Number: [2013035346501](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENT OFFERING

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/16/2014

Sanctions Ordered: Censure
Monetary/Fine \$700,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$700,000.

Disclosure 6 of 23

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 TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS (ROES) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE. THE FIRM FAILED TO REPAIR A MAJORITY OF THESE REJECTED ROES. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH



RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS REPORTING.

Initiated By: FINRA

Date Initiated: 03/31/2014

Docket/Case Number: [2012033081101](#)

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: 03/31/2014

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: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

Sanction Details: SEE ABOVE

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 TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEMS (OATS) REPORTABLE ORDER EVENTS (ROES) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE. THE FIRM FAILED TO REPAIR A MAJORITY OF THESE REJECTED ROES. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND



FINRA RULES, CONCERNING OATS REPORTINGS.

Initiated By: FINRA

Date Initiated: 07/10/2012

Docket/Case Number: 20120330811-01

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: 03/31/2014

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

Other Sanctions Ordered: UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

Sanction Details: SEE ABOVE

Disclosure 7 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SEC RULES 17A-3(A)(18) AND 17A-4(B)(1), FINRA BY-LAWS ARTICLE V, SECTION 2 AND 3, FINRA RULES 2010, 6730, NASD RULES 3010, 3070, 3110(D): THE FIRM FAILED TO AMEND, OR TO TIMELY AMEND, CERTAIN REGISTERED REPRESENTATIVES' FORM U4S AND/OR FORM U5S TO DISCLOSE REQUIRED INFORMATION IN SOME INSTANCES. SPECIFICALLY, THE FIRM FAILED TO TIMELY AMEND CERTAIN REGISTERED REPRESENTATIVES' FORM U4S TO DISCLOSE A CUSTOMER COMPLAINT THAT ALLEGED DAMAGES IN EXCESS OF \$5,000, CUSTOMERS' ARBITRATION CLAIMS, AND THE SETTLEMENT OF A CUSTOMER'S ARBITRATION CLAIM FOR AN AMOUNT IN EXCESS OF \$15,000. THE AMENDMENTS WERE MADE BETWEEN 4 AND 280 DAYS LATE. THE FIRM FAILED TO DISCLOSE A CUSTOMER COMPLAINT THAT ALLEGED DAMAGES IN EXCESS OF \$5,000 ON A REGISTERED REPRESENTATIVE'S FORM U5, AND FAILED TO TIMELY AMEND SOME OTHER REPRESENTATIVES' FORM U5S TO DISCLOSE THE



SETTLEMENT OF CUSTOMER COMPLAINTS AGAINST THEM FOR AMOUNTS IN EXCESS OF \$15,000. ONE FORM U5 AMENDMENT WAS MADE TWELVE DAYS LATE, AND THE OTHER WAS MADE OVER TWO YEARS LATE. THE FIRM FAILED TO TIMELY MAKE SOME NASD RULE 3070 FILINGS TO DISCLOSE THE SETTLEMENT OF CUSTOMER COMPLAINTS FOR AMOUNTS IN EXCESS OF \$15,000 EACH. THE FILINGS RANGED FROM ONE TO NINETY-NINE DAYS LATE. THE FIRM ALSO FAILED TO DISCLOSE A CUSTOMER COMPLAINT, AND FAILED TO TIMELY DISCLOSE OTHER CUSTOMERS' COMPLAINTS PURSUANT TO NASD RULE 3070. THE UNTIMELY DISCLOSURES WERE EACH MADE ONE DAY LATE. THE FIRM FAILED TO CREATE AND MAINTAIN A RECORD OF A CUSTOMER COMPLAINT AND RELATED RECORDS THAT INCLUDED THE COMPLAINANT'S NAME, ADDRESS, ACCOUNT NUMBER, DATE THE COMPLAINT WAS RECEIVED, NAME OF EACH ASSOCIATED PERSON IDENTIFIED IN THE COMPLAINT, DESCRIPTION OF THE NATURE OF THE COMPLAINT, DISPOSITION OF THE COMPLAINT OR, ALTERNATIVELY, FAILED TO MAINTAIN A SEPARATE FILE THAT CONTAINED THESE INFORMATION. THE FIRM FAILED TO REPORT TRANSACTIONS IN STRUCTURED PRODUCTS TO TRACE. THE FIRM DID NOT HAVE AN ADEQUATE SUPERVISORY SYSTEM IN PLACE TO DETECT UNREPORTED TRACE TRANSACTIONS. ALTHOUGH THE FIRM'S PROCEDURES STATE THAT THE FIRM WOULD REVIEW A SPECIFIC REPORT IN ORDER TO MONITOR FOR UNREPORTED TRACE TRANSACTIONS. THE FIRM DID NOT REVIEW THE SPECIFIED REPORT AND DID NOT OTHERWISE MONITOR FOR UNREPORTED TRACE TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 05/09/2013

Docket/Case Number: [2011025624601](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/09/2013



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 \$45,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$45,000. FINE PAID ON JUNE 12, 2013.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SEC RULES 17A-3(A)(18) AND 17A-4(B)(1), FINRA BY-LAWS ARTICLE V, SECTION 2 AND 3, FINRA RULES 2010, 6730, NASD RULES 3010, 3070, 3110(D): THE FIRM FAILED TO AMEND, OR TO TIMELY AMEND, CERTAIN REGISTERED REPRESENTATIVES' FORM U4S AND/OR FORM U5S TO DISCLOSE REQUIRED INFORMATION IN SOME INSTANCES. SPECIFICALLY, THE FIRM FAILED TO TIMELY AMEND CERTAIN REGISTERED REPRESENTATIVES' FORM U4S TO DISCLOSE A CUSTOMER COMPLAINT THAT ALLEGED DAMAGES IN EXCESS OF \$5,000, CUSTOMERS' ARBITRATION CLAIMS, AND THE SETTLEMENT OF A CUSTOMER'S ARBITRATION CLAIM FOR AN AMOUNT IN EXCESS OF \$15,000. THE AMENDMENTS WERE MADE BETWEEN 4 AND 280 DAYS LATE. THE FIRM FAILED TO DISCLOSE A CUSTOMER COMPLAINT THAT ALLEGED DAMAGES IN EXCESS OF \$5,000 ON A REGISTERED REPRESENTATIVE'S FORM U5, AND FAILED TO TIMELY AMEND SOME OTHER REPRESENTATIVES' FORM U5S TO DISCLOSE THE SETTLEMENT OF CUSTOMER COMPLAINTS AGAINST THEM FOR AMOUNTS IN EXCESS OF \$15,000. ONE FORM U5 AMENDMENT WAS MADE TWELVE DAYS LATE, AND THE OTHER WAS MADE OVER TWO YEARS LATE. THE FIRM FAILED TO TIMELY MAKE SOME NASD RULE 3070 FILINGS TO DISCLOSE THE SETTLEMENT OF CUSTOMER COMPLAINTS FOR AMOUNTS IN EXCESS OF \$15,000 EACH. THE FILINGS RANGED FROM ONE TO NINETY-NINE DAYS LATE. THE FIRM ALSO FAILED TO DISCLOSE A CUSTOMER COMPLAINT, AND FAILED TO TIMELY DISCLOSE OTHER CUSTOMERS' COMPLAINTS PURSUANT TO NASD RULE 3070. THE UNTIMELY DISCLOSURES WERE EACH MADE ONE DAY LATE. THE FIRM FAILED TO CREATE AND MAINTAIN A RECORD OF A CUSTOMER COMPLAINT AND



RELATED RECORDS THAT INCLUDED THE COMPLAINANT'S NAME, ADDRESS, ACCOUNT NUMBER, DATE THE COMPLAINT WAS RECEIVED, NAME OF EACH ASSOCIATED PERSON IDENTIFIED IN THE COMPLAINT, DESCRIPTION OF THE NATURE OF THE COMPLAINT, DISPOSITION OF THE COMPLAINT OR, ALTERNATIVELY, FAILED TO MAINTAIN A SEPARATE FILE THAT CONTAINED THESE INFORMATION.

Initiated By: FINRA

Date Initiated: 04/25/2013

Docket/Case Number: [2011025624601](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$45,000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/08/2013

Sanctions Ordered: Censure
Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$45,000.00. FINE PAID ON JUNE 12, 2013.

Disclosure 8 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: SECTION 5 OF THE SECURITIES ACT OF 1933 AND SEC RULES 17A-3 AND 17A-4, NASD RULES 2110 AND 3010(A), 3010(B), AND 3010(C): AN INDIVIDUAL OPENED AN ACCOUNT AT THE FIRM, TOLD THE FIRM THAT HE HAD LOCATED MULTIPLE SELLERS WHO OWNED LARGE AMOUNT OF STOCK IN A PUBLICLY TRADED COMPANY, AND THAT HE ALSO HAD LOCATED BUYERS OF THE STOCK. THE FIRM THEN OPENED NEW ACCOUNTS FOR THE ANTICIPATED BUYERS OF THE PUBLICLY TRADED COMPANY. FOR SEVEN MONTHS, THE FIRM EXECUTED THE PURCHASE



AND SALE TRANSACTIONS AS IN-HOUSE AGENCY CROSSES WITH FIVE RELATED INSTITUTIONAL BUYERS AND TWO INDIVIDUAL CUSTOMERS WHO WERE REFERRED TO THE FIRM FOR THE PURPOSE OF BUYING SHARES FROM THE INDIVIDUAL. THE FIRM DID NOT SOLICIT CUSTOMERS TO PURCHASE OR SELL SHARES OF THE COMPANY. IN EACH INSTANCE, THE INDIVIDUAL SEPARATELY NEGOTIATED WITH THE PURCHASERS THE NUMBER OF SHARES THEY WOULD BUY AND THE PURCHASE PRICE, SOLD THE AGREED UPON NUMBER OF SHARES IN AN IN-HOUSE AGENCY CROSS TRANSACTION, AND THEN, BY SETTLEMENT DATE, HE TRANSFERRED THE EXACT NUMBER OF SHARES TO COVER THE SALES TRANSACTIONS. THE FIRM EARNED COMMISSIONS OF APPROXIMATELY \$200,000 FROM THESE TRANSACTIONS.

THE FIRM FAILED TO CONDUCT AN INDEPENDENT INQUIRY TO DETERMINE WHETHER THE SHARES DEPOSITED WERE FREELY TRADABLE. THE INDIVIDUAL TOLD THE FIRM THAT HE WAS SELLING THE SHARES THAT BELONGED TO MULTIPLE SHAREHOLDERS BUT WOULD NOT DISCLOSE THEIR IDENTITIES. THE INDIVIDUAL DEPOSITED MORE THAN 3.5 MILLION SHARES IN 22 SEPARATE TRANSFERS INTO HIS ACCOUNT OVER SEVEN MONTHS, SOLD THE SHARES PROMPTLY AFTER EACH DEPOSIT, AND THEN IMMEDIATELY WIRED ALL OF THE SALES PROCEEDS AFTER EACH SALE. DESPITE THE PRESENCE OF THESE RED FLAGS, THE FIRM FAILED TO UNDERTAKE EFFORTS TO ASCERTAIN WHETHER THE STOCK COULD BE PROPERLY SOLD. WITHOUT HAVING OBTAINED INFORMATION REGARDING THE FACTS AND CIRCUMSTANCES SURROUNDING THE INDIVIDUAL'S POSSESSION OF THE STOCK, THE FIRM DID NOT SATISFY ITS DUTY TO CONDUCT A REASONABLE INQUIRY THAT IS A CRUCIAL PART OF THE BROKERS' EXEMPTION.

THE FIRM DID NOT ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO COMPLY WITH SECTION 5. ITS PROCEDURES WERE LIMITED TO A SINGLE SECTION, FILLING LESS THAN TWO PAGES, ON THE SALE OF RESTRICTED OR CONTROL SECURITIES PURSUANT TO RULE 144. THE PROCEDURES IN ESSENCE RE-STATED THE REQUIREMENTS, OR EXEMPTIONS CONTAINED IN THE RULE BUT PROVIDED FOR NO SUPERVISORY STRUCTURE TO ENSURE COMPLIANCE WITH SECTION 5. THE PROCEDURES WERE ALSO INADEQUATE IN SETTING FORTH THE CIRCUMSTANCES UNDER WHICH THE FIRM SHOULD INQUIRE INTO THE REGISTRATION OR EXEMPTION STATUS OF SHARES IN ITS CUSTOMERS' ACCOUNTS. THE PROCEDURES DID NOT DISCUSS A FIRM'S OBLIGATION TO ENGAGE IN A SEARCHING INQUIRY BEFORE SELLING POTENTIALLY UNREGISTERED SECURITIES WHEN RED FLAGS WERE PRESENT THAT SHOULD HAVE RAISED QUESTIONS ABOUT THE CIRCUMSTANCES OF THE SALES. THE FIRM'S COMPLIANCE PERSONNEL INCORRECTLY ASSUMED THAT THE COMPANY SHARES WERE AUTOMATICALLY FREELY TRADABLE, WITHOUT RESTRICTION, BECAUSE THEY WERE RECEIVED INTO THE CUSTOMER



ACCOUNT DIRECTLY FROM A TRANSFER AGENT. FINALLY, THE PERSON IDENTIFIED AS HAVING SUPERVISORY RESPONSIBILITIES AT THE FIRM FOR SECTION 5 COMPLIANCE REVIEWED ONLY SECURITIES THAT CONTAINED RESTRICTIONS PURSUANT TO SEC RULE 144 AND NEVER REVIEWED THE COMPANY SHARES AT ISSUE. THE FIRM FAILED TO GENERATE AND PRESERVE NEW ACCOUNT AND RELATED DOCUMENTS FOR SIX CUSTOMERS WHO OPENED ACCOUNTS AT THE FIRM.

Initiated By: FINRA

Date Initiated: 03/14/2013

Docket/Case Number: [2010025332201](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/14/2013

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 \$200,000.00

Other Sanctions Ordered: UNDERTAKINGS

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 \$200,000 AND REQUIRED TO REVIEW AND REVISE, AS NECESSARY, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933. WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY FINRA, THE FIRM'S PRESIDENT SHALL CERTIFY THAT THE FIRM HAS ESTABLISHED AND IMPLEMENTED WRITTEN SUPERVISORY PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933.



FINE PAID IN FULL ON MARCH 3, 2016.

Reporting Source: Firm

Current Status: Final

Allegations: WFG VIOLATED NASD RULE 2110 BY VIOLATING SECTION 5 OF THE SECURITIES ACT OF 1933 WHEN IT PARTICIPATED IN THE UNLAWFUL DISTRIBUTION OF SHARES OF IEAM BY A CUSTOMER. WFG ALSO FAILED TO ESTABLISH AND MANTAIN A REASONABLE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT, IN VIOLATION OF NASD RULES 3010(A) AND (B) AND NASD RULE 2110.

Initiated By: FINRA

Date Initiated: 03/06/2013

Docket/Case Number: [2010025332201](#)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/14/2013

Sanctions Ordered: Censure
Monetary/Fine \$200,000.00

Other Sanctions Ordered: REVIEW AND REVISE, AS NECESSARY, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT.

Sanction Details: WFG INVESTMENTS WAS FINED \$200,000.00

Disclosure 9 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 15C2-4, 17A-3(A), 17A-4(B), NASD RULES 2110, 2440, 3010(B), 6230, MSRB RULES G-8 AND G-27(C): IN CONNECTION WITH A CONTINGENT



SECURITIES OFFERING CONDUCTED BY THE FIRM, IT FAILED TO ENSURE, DURING THE CONTINGENCY PERIOD OF THE OFFERING, THAT ALL INVESTOR FUNDS WERE DEPOSITED INTO THE ESCROW ACCOUNT CREATED FOR THE OFFERING. SPECIFICALLY, CUSTOMERS' CHECKS TOTALING OVER \$400,000 WERE DEPOSITED INTO THE BANK ACCOUNT OF A COMPANY AFFILIATED WITH THE ISSUER INSTEAD OF INTO THE ESCROW ACCOUNT. THE FUNDS WERE SUBSEQUENTLY DEPOSITED INTO THE ESCROW ACCOUNT. THE FIRM CHARGED EXCESSIVE MARKUPS ON SOME RISKLESS PRINCIPAL CORPORATE BOND TRANSACTIONS IN THE ACCOUNTS OF THREE CUSTOMERS. IN EACH INSTANCE, THE FIRM PURCHASED THE BONDS, ADDED A MARKUP AND IMMEDIATELY, ON THE SAME DAY OF PURCHASE, SOLD THE BONDS TO THE CUSTOMERS. THE FIRM'S MARKUPS ON THE TRANSACTIONS WERE NOT FAIR AND REASONABLE TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING THE FACT THAT THE PRICE WAS NOT REASONABLY RELATED TO THE AMOUNT THAT IT HAD CONTEMPORANEOUSLY PAID FOR THE BONDS AND THE FACT THAT THE FIRM DID NOT PROVIDE ANY EVIDENCE TO OVERCOME THE PRESUMPTION THAT ITS CONTEMPORANEOUS COST CONSTITUTED THE BEST MEASURE OF THE PREVAILING MARKET PRICE OF THE BONDS SOLD TO THE CUSTOMERS. IN AT LEAST SOME INSTANCES, THE FIRM FAILED TO ACCURATELY REPORT THE TIME OF EXECUTION OF CERTAIN TRANSACTIONS TO TRACE. THE FIRM CREATED AND MAINTAINED INCOMPLETE AND INACCURATE ORDER TICKETS. SOME ORDER TICKETS FOR MUNICIPAL BONDS TRANSACTIONS DID NOT CAPTURE AND RECORD THE TIME OF RECEIPT; AND SOME ORDER TICKETS FOR CORPORATE BOND TRANSACTIONS DID NOT CAPTURE AND RECORD THE TIME OF RECEIPT. IN CONNECTION WITH A PRIVATE PLACEMENT SECURITIES OFFERING, THE FIRM FAILED TO MAINTAIN COPIES OF ALL CUSTOMER SUBSCRIPTION AGREEMENTS AND PROOF THAT THE FIRM HAD REVIEWED AND APPROVED EACH SUBSCRIPTION. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING PRIVATE PLACEMENT OFFERINGS. IN CONNECTION WITH A CONTINGENT PRIVATE PLACEMENT OFFERING, THE FIRM FAILED TO DOCUMENT ALL CHECKS RECEIVED FROM CUSTOMERS AND FORWARDED TO THE ESCROW ACCOUNT; AND FAILED TO SUPERVISE THE ESCROW ACCOUNT DURING THE CONTINGENCY PERIOD OF THE OFFERING. THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ENSURE THAT PRICES AT WHICH IT SOLD DEBT SECURITIES TO CUSTOMERS IN PRINCIPAL TRANSACTIONS WERE FAIR AND REASONABLE, NOR DESIGNED TO ACHIEVE COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS PERTAINING TO EFFECTING PRINCIPAL TRANSACTIONS WITH CUSTOMERS. THE FIRM'S PROCEDURES DID NOT ADDRESS OR DISCUSS INTERPRETATIVE MATERIAL -2440-1 OR INTERPRETATIVE MATERIAL -2440-2, AND DID NOT



CONTAIN REQUIREMENTS FOR WEIGHING OR APPLYING THE VARIOUS FACTORS SET FORTH IN THOSE PROVISIONS IN REVIEWING AND EVALUATING THE FAIRNESS OF PRICES IN PRINCIPAL TRANSACTIONS WITH CUSTOMERS.

Initiated By: FINRA

Date Initiated: 06/22/2012

Docket/Case Number: [2009016279101](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): CONTINGENT SECURITIES OFFERING, MUNICIPAL BONDS, AND PRIVATE PLACEMENT SECURITIES OFFERING

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/22/2012

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: Censure
Monetary/Fine \$40,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$40,000 (\$10,000 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULES G-8 AND G-27). FINE PAID IN FULL ON JULY 16, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, WFG ACCEPTED THIS AWC AND FINE.



VIOLATION OF NASD RULES 2440 AND 2110 - WFG CHARGED EXCESSIVE MARK-UP'S IN THE ACCOUNTS OF THREE CUSTOMERS.

VIOLATION OF NASD RULES 2110 AND 6230 - WFG FAILED TO ACCURATELY REPORT THE TIME OF EXECUTION ON CERTAIN TRANSACTIONS TO TRACE.

VIOLATION OF SEC RULES 17A-3(A) AND 17A-4(B) - WFG FAILED TO CAPTURE THE TIME OF RECEIPT OF 5 ORDER TICKETS FOR MUNICIPAL BONDS AND 13 TICKETS FOR CORPORATE BOND TRANSACTIONS; FAILED TO MAINTAIN COPIES OF CUSTOMER SUBSCRIPTION DOCUMENTS AND PROOF THAT THE FIRM HAD REVIEW EACH SUBSCRIPTION AND FAILED TO DOCUMENT ALL CHECKS RECEIVED FROM CUSTOMERS AND FORWARDED TO THE ESCROW ACCOUNT;

VIOLATION OF NASD RULE 3010(B) AND MSRB G-27 - WFG FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING PRIVATE PLACEMENT OFFERINGS; ADDITIONALLY PROCEDURES DID NOT SPECIFICALLY ADDRESS IM-2440-1 OR IM-2440-2.

Initiated By: FINRA

Date Initiated: 06/25/2012

Docket/Case Number: [2009016279101](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): PRIVATE OFFERINGS

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$40,000 FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/25/2012

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

Other Sanctions Ordered:

Sanction Details: CENSURE AND MONETARY FINE.

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Reporting Source: Regulator



Current Status: Final

Allegations: NASD RULES 2110,3010,4632(A),4632(A)(5)(G),6130(D), 6955(A), MSRB RULES G-14, G-27 - WFG INVESTMENTS, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND THE FIRM FAILED TO REPAIR MOST OF THEM. THE FIRM FAILED TO TIMELY REPORT ROES TO OATS. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 4632(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM TRANSMITTED TO THE NNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES AND FAILED TO DESIGNATE THROUGH THE NNTRF SUCH LAST SALE REPORTS AS REFLECTING A PRICE DIFFERENT FROM THE CURRENT MARKET WHEN THE EXECUTION WAS BASED ON A PRIOR REFERENCE POINT IN TIME. THE FIRM FAILED TO REPORT TO THE NNTRF THE CORRECT TIME OF EXECUTION FOR TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, FINRA RULES AND MSRB RULES CONCERNING TRADE REPORTING. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.

Initiated By: FINRA

Date Initiated: 12/09/2009

Docket/Case Number: [2006006831701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): DESIGNATED SECURITIES, REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 12/09/2009

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 \$37,500.00

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 \$37,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRADE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: WFG FAILED TO REPAIR OATS REJECTIONS; FAILED TO TRANSMIT WITHIN 90 SECONDS AFTER EXECUTION TRANSACTIONS IN DESIGNATED SECURITIES; FAILED TO REPORT INFORMATION REGARDING TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO RTRF WITHIN 15 MINUTES OF THE TRADE TO AN RTRS PORTAL. WFG'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICATION SECURITIES LAWS WITH RESPECT TO RTRS AND TRS REPORTING.

Initiated By: FINRA

Date Initiated: 12/14/2009

Docket/Case Number: 20060068317-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE: \$37,500



Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/14/2009
Sanctions Ordered:	Censure Monetary/Fine \$37,500.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES
Sanction Details:	CENSURE, FINE OF \$37,500, AND UNDERTAKING TO REVISE WRITTEN SUPERVISORY PROCEDURES.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULES G-8(A), G-17, G-27(A), G-27(C), G-30(A) - WFG INVESTMENTS, INC. PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT AND/OR SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT TO PUBLIC CUSTOMERS AT AN AGGREGATE PRICE (INCLUDING ANY MARKDOWN OR MARKUP) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF THE TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. THE FIRM FAILED TO SHOW CORRECT TERMS AND CONDITIONS ON THE MEMORANDA OF TRANSACTIONS IN MUNICIPAL SECURITIES FOR THE ACCOUNT OF THE FIRM EXECUTED WITH A CUSTOMER OTHER THAN A BROKER OR DEALER, BY INCORRECTLY PROVIDING A BUY OR SELL DESIGNATION ON TRANSACTION MEMORANDA; FAILED TO INCLUDE TIME STAMPS THAT SHOWED THE CORRECT TIME OF RECEIPT ON TRANSACTION MEMORANDA; AND FAILED TO INCLUDE THE STAMPS THAT SHOWED THE TIME OF EXECUTION ON TRANSACTION MEMORANDA. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH MSRB RULES G-17 AND G-30. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THE DESIGNATED PRINCIPAL WOULD REVIEW AND APPROVE EACH ORDER TICKET AND EVIDENCE THE REVIEW BY INITIALING THE ORDER TICKET; NONE OF THE ORDER TICKETS FOR THE PAIRED TRANSACTIONS REFLECTED ANY INDICATION OF A SUPERVISORY REVIEW OF THE ORDER TICKETS.



Initiated By: FINRA
Date Initiated: 06/16/2008
Docket/Case Number: [2006004279401](#)
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/16/2008
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 \$27,500.00
 Disgorgement/Restitution
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 \$27,500 AND ORDERED TO PAY \$10,029.96, PLUS INTEREST, IN RESTITUTION TO PUBLIC CUSTOMERS. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION SHALL BE PROVIDED TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. THE FIRM SHALL REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING COMPLIANCE WITH MSRB RULES G-17 AND G-30 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm



Current Status:	Final
Allegations:	WFG INVESTMENTS, IN 16 PAIRS OF TRANSACTIONS PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM A CUSTOMER AND/OR SOLD MUNICIPAL SECURITIES FROM ITS OWN ACCOUNT AT AN AGGREGATE PRICE THAT WAS NOT FAIR OR REASONABLE; FIRM FAILED TO SHOW THE CORRECT TERMS AND CONDITIONS OF 14 ORDERS AND FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES.
Initiated By:	FINRA
Date Initiated:	05/08/2008
Docket/Case Number:	20060042794-01
Principal Product Type:	Debt - Corporate
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE \$27,500 PLUS RESTITUION IN THE AMOUNT OF \$10029.96
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/08/2008
Sanctions Ordered:	Censure Monetary/Fine \$27,500.00 Disgorgement/Restitution
Other Sanctions Ordered:	REVISE WRITTEN PROCEDURES REGARDING COMPLIANCE WITH RULES G-17 AND G-30 WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.
Sanction Details:	FINE \$27,500.00 PLUS RESTITUION IN THE AMOUNT OF \$10029.96

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2210(D)(1)(A), 2711(I), 3011(B),(C),(D) AND (E), MSRB RULE G-41 - WFG INVESTMENTS, INC., ACTING THROUGH AN INDIVIDUAL, APPROVED THE PUBLICATION OF RESEARCH REPORTS THAT DID NOT CONTAIN ANY DISCLOSURE REGARDING THE RISKS ASSOCIATED WITH INVESTING IN THE SUBJECT COMPANY. THE FIRM, ACTING THROUGH AN INDIVIDUAL, FAILED TO ESTABLISH WRITTEN SUPERVISORY PROCEDURES



REASONABLY DESIGNED TO ACHIEVE AND MONITOR COMPLIANCE WITH THE REQUIREMENTS OF NASD RULE 2711. THE FIRM FAILED TO DEVELOP AND IMPLEMENT AN ANTI-MONEY LAUNDERING (AML) PROGRAM REASONABLY DESIGNED TO ACHIEVE AND MONITOR COMPLIANCE WITH THE REQUIREMENTS OF THE BANK SECRECY ACT AND IMPLEMENTING REGULATIONS. THE FIRM'S AML PROGRAM WAS DEFICIENT IN THAT SENIOR MANAGEMENT HAD NOT APPROVED THE AML PROGRAM IN WRITING; THE FIRM'S AML WRITTEN PROCEDURES DID NOT PROVIDE FOR ON-GOING TRAINING OF APPROPRIATE PERSONNEL; ITS WRITTEN PROCEDURES DID NOT PROVIDE FOR INDEPENDENT TESTING; ITS WRITTEN PROCEDURES DID NOT IDENTIFY A SPECIFIC INDIVIDUAL AS AML COMPLIANCE OFFICER; ITS AML WRITTEN PROCEDURES DID NOT ADDRESS RECORDKEEPING REQUIREMENTS AND THE FIRM HAD INADEQUATE INTERNAL CONTROLS.

Initiated By: FINRA

Date Initiated: 08/07/2008

Docket/Case Number: [E062003014607](#)

Principal Product Type: Other

Other Product Type(s): RESEARCH REPORTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/07/2008

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 \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$30,000, \$25,000 OF WHICH WAS JOINTLY AND SEVERALLY.

Reporting Source: Firm

Current Status: Final

Allegations: WFG INVESTMENTS FAILED TO COMPLY WITH NASD RULES 2210 AND 2711 IN THAT IT ISSUED 53 RESEARCH REPORTS FROM JANUARY - JUNE 2003 THAT DID NOT CONTAIN ALL THE NECESSARY DISCLOSURES; WFG FAILED TO COMPLY WITH RULES 2110 AND 3011 WITH RESPECT TO ITS AML PROGRAM IN THAT THE PROGRAM DID NOT SPECIFY IN WRITING THE REQUIREMENT TO TRAIN ITS PERSONNEL, PERFORM INDEPENDENT TESTING (EVEN THOUGH INDEPENDENT TESTING WAS DONE); FURTHER IT DID NOT LIST A SPECIFIC AML OFFICER OR RECORD-KEEPING REQUIREMENTS.

Initiated By: FINRA

Date Initiated: 05/08/2008

Docket/Case Number: E062003014601

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$25,000 FINE AGAINST WFG INVESTMENTS, \$5,000 FINE AGAINST WILSON WILLIAMS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/08/2008

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE - \$25,000 FINE FOR WFG INVESTMENTS AND \$5,000 FOR WILSON WILLIAMS

Disclosure 13 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: RULE 15C2-4 OF THE SECURITIES EXCHANGE ACT OF 1934, NASD RULE 2110 - RESPONDENT ACTED AS THE AGENT IN A PRIVATE PLACEMENT



OFFERING BUT FAILED TO ESTABLISH AN ESCROW ACCOUNT FOR INVESTORS' FUNDS DURING THE CONTINGENCY PERIOD OF THE OFFERING.

Initiated By: FINRA
Date Initiated: 05/28/2008
Docket/Case Number: 2007007171001
Principal Product Type: Direct Investment(s) - DPP & LP Interest(s)
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/28/2008
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 \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, WFG INVESTMENTS, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm
Current Status: Final
Allegations: WFG INVESTMENTS ACTED AS THE AGENT IN AN OIL AND GAS PRIVATE PLACEMENT OFFERING AND FAILED TO ESTABLISH AN ESCROW ACCOUNT FOR INVESTORS' FUND DURING THE CONTIGENCY PERIOD.
Initiated By: FINRA
Date Initiated: 05/08/2008



Docket/Case Number: 2007007171001

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE - \$7,500

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/08/2008

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE - \$7,500

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Reporting Source: Regulator

Current Status: Final

Allegations: REP AND FIRM ARE ALLEGED TO HAVE VIOLATED HAWAII REVISED STATUTES CHAPTER 485 AS PART OF TRUST/INSURANCE BUSINESS MODEL WHICH SOLICITED SENIORS TO UPDATE OR DRAFT REVOCABLE LIVING TRUSTS AND FUND THE TRUSTS UPON EXECUTION WITH FIXED ANNUITIES. REP AND FIRM ARE ALLEGED TO HAVE PROVIDED DOCUMENTS, INSTRUCTIONS, SIGNATURE GUARANTEES AND/OR SALES TO FACILITATE THE LIQUIDATION OF SECURITIES.

Initiated By: HAWAII

Date Initiated: 04/03/2006

Docket/Case Number: SEU-2001-005

URL for Regulatory Action:

Principal Product Type: Annuity(ies) - Fixed

Other Product Type(s): LIQUIDATION OF VARIOUS SECURITIES PRODUCTS INCLUDING MUTUAL FUNDS AND VARIABLE ANNUITIES.

Principal Sanction(s)/Relief Sought: Revocation



Other Sanction(s)/Relief Sought:	FINE, RESTITUTION, AND/OR COMPLIANCE/SUPERVISORY REVIEW
Resolution:	Settled
Resolution Date:	04/15/2006
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	
Other Sanctions Ordered:	MONETARY SETTLEMENT CONSIDERATION: \$45,000 TO SEB & \$5,000 TO OCP, WAIVER OF FEE TO MOVE CLIENT ACCOUNTS, COMPLIANCE/SUPERVISORY REPORT, COOPERATION WITH SEB INVESTIGATIONS RELATED TO THIS MATTER. REP VOLUNTARILY WITHDREW HIS REGISTRATION IN HAWAII.
Sanction Details:	MONETARY SETTLEMENT CONSIDERATION SATISFIED ON JUNE 8, 2006.
Regulator Statement	FIRM AND REP DENIED ENGAGING IN ANY IMPROPER OR WRONGFUL ACTIVITIES OR VIOLATIONS OF HRS. THIS SETTLEMENT ALSO CONSTITUTED SETTLEMENT OF LAWSUIT FILED BY HAWAII OFFICE OF CONSUMER PROTECTION.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	REP AND FIRM ARE ALLEGED TO HAVE VIOLATED HAWAII REVISED STATUTES CHAPTER 485 AS PART OF TRUST/INSURANCE BUSINESS MODEL WHICH SOLICATED SENIORS TO UPDATE OR DRAFT REVOCABLE LIVING TRUST AND FUND THE TRUST UPON EXECUTION WITH FIXED ANNUITIES. REP AND FIRM ARE ALLEGED TO HAVE PROVIDED DOCUMENTS, INSTRUCTIONS, SIGNATURE GUARANTEES AND/OR SALES TO FACILITATE THE LIQUIDATION OF SECURITIES.
Initiated By:	HAWAII
Date Initiated:	04/03/2006
Docket/Case Number:	SEU-2001-005
Principal Product Type:	Annuity(ies) - Fixed
Other Product Type(s):	LIQUIDATION OF VARIOUS SECURITIES PRODUCTS, INCLUDING MUTUAL



	FUNDS AND VARIABLE ANNUITIES.
Principal Sanction(s)/Relief Sought:	Revocation
Other Sanction(s)/Relief Sought:	FINE, RESTITUTION AND/OR COMPLIANCE/SUPERVISORY REVIEW.
Resolution:	Settled
Resolution Date:	04/15/2006
Sanctions Ordered:	
Other Sanctions Ordered:	MONETARY SETTLEMENT CONSIDERATION; \$45,000 TO SEB AND \$5,000 TO OCP, WAIVER OF FEE TO MOVE CLIENTS ACCOUNTS, COMPLIANCE/SUPERVISORY REPORT, COOPERATION WITH SEB INVESTIGATIONS RELATED TO THIS MATTER. REP VOLUNTARY WITHDREW HIS RESIGNATION IN HAWAII.
Sanction Details:	MONETARY SETTLEMENT CONSIDERATION SATISFIED ON 6/8/2006.
Firm Statement	FIRM AND REP DENIED ENGAGING IN ANY IMPROPER OR WRONGFUL ACTIVITIES OR VIOLATIONS OF HRS. THIS SETTLEMENT ALSO CONSTITUTED SETTLEMENT OF LAW SUIT FILED BY HAWAII OFFICE OF CONSUMER PROTECTION.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	FROM ON OR ABOUT JANUARY 1, 2004 TO DECEMBER 20, 2004, THE (WILSON)WILLIAMS FINANCIAL GROUP(THE "FIRM") FAILED TO REGISTER EACH BRANCH OFFICE IN TEXAS WHICH CONSTITUTE VIOLATIONS OF SECTION 115.1(B)(1) OF THE BOARD RULES, AND CONDUCTED SALES RELATED ACTIVITY AT UNREGISTERED BRANCH OFFICES WHICH CONSTITUTE VIOLATIONS OF SECTION 115.2(C) OF THE BOARD RULES. THE FIRM FAILED TO UPDATE ITS FROM BD TO REFLECT THE USE OF OTHER NAMES IN CONNECTION WITH SECURITIES ACTIVITY AT SEVERAL OF RESPONDENTS BRANCH OFFICES, WHICH CONSTITUTE VIOLATIONS OF SECTION 115.9(A)(6) OF THE BOARD RULES. THE FIRM FAILED TO TIMELY UPDATE AN AGENT'S FORM U-4 TO REFLECT THE AGENT'S OUTSIDE BUSINESS INVOLVING COMMODITIES TRADING, WHICH CONSTITUTES A VIOLATION OF SECTION 115.9(A)(6)OF THE BOARD RULES. THE FIRM'S ALLOWANCE OF TWO REGISTERED AGENTS TO ACT AS PRINCIPAL FOR EACH OTHER AT A BRANCH OFFICE RESULTED IN THE FIRM MAINTAINING A SUPERVISORY SYSTEM THAT WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE TEXAS SECURITIES ACT



AND BOARD RULES AND CONSTITUTED A VIOLATION SECTION 115.10(A) OF THE BOARD RULES. THE ORDER MEMORANDA COMPLETED BY AN EMPLOYEE OF THE FIRM FAILED TO LIST THE IDENTITY OF THE PERSON WHO ACTUALLY ACCEPTED THE ORDER ON BEHALF OF THE FIRM'S CUSTOMER, WHICH RESULTED IN A VIOLATION OF SECTION 115.5(B)(6) OF THE BOARD RULES.

Initiated By: TEXAS

Date Initiated: 04/07/2006

Docket/Case Number: IC06-CAF-04

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Reprimand

Other Sanction(s)/Relief Sought: ADMINISTRATIVE FINE

Resolution: Order

Resolution Date: 04/07/2006

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 \$65,000.00

Other Sanctions Ordered: REPRIMAND

Sanction Details: PURSUANT TO SECTION 23-1 OF THE TEXAS SECURITIES ACT, THE (WILSON)WILLIAMS FINANCIAL GROUP HAS BEEN FINED \$65,000.

Reporting Source: Firm

Current Status: Final

Allegations: STATE ALLEGED THAT AN ORDER TAKE FAILED TO LIST THE IDENTITY OF THE PERSON WHO ACTUALLY ACCEPTED THE ORDER ON BEHALF OF THE FIRM, THE FIRM FAILED TO TIMELY REGISTER ITS BRANCHES IN 2004, FIRM FAILED TO REFLECT THE USE OF OTHER NAMES IN CONNECTION WITH SECURITIES ACTIVITIES ON ITS FORM BD, AND FIRM FAILED TO UPDATE



THE OUTSIDE BUSINESS ACTIVITIES OF ONE REGISTERED REPRESENTATIVE.

Initiated By: STATE OF TEXAS
Date Initiated: 03/31/2006
Docket/Case Number: IC06-CAF-04
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: 04/07/2006
Sanctions Ordered: Monetary/Fine \$65,000.00
Other Sanctions Ordered:
Sanction Details: NO OTHER SANCTIONS

Disclosure 16 of 23

Reporting Source: Regulator
Current Status: Final
Allegations: NASD MARKETPLACE RULES 6230(A) AND 6230(C)(8), NASD CONDUCT RULES 2110 AND 3010 THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR 214 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM ALSO FAILED TO REPORT TO TRACE 388 TRANSACTIONS IN TRACE- ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 45 MINUTES OF THE TIME OF EXECUTION. IN ADDITION, THE 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 TRADE REPORTING APPLICABLE TO TRACE.

Initiated By: NASD
Date Initiated: 09/23/2005
Docket/Case Number: [2005000188401](#)



Principal Product Type: Other
Other Product Type(s): UNSPECIFIED TYPES OF SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/23/2005
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, THE (WILSON) WILLIAMS FINANCIAL GROUP CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD CONCERNING TRADE REPORTING APPLICABLE TO TRACE.

Reporting Source: Firm
Current Status: Final
Allegations: WFG FAILED TO REPORT TIMELY AND ACCURATELY THE TIME OF EXECUTION IN TRACE ELIGIBLE SECURITIES.
Initiated By: NASD
Date Initiated: 07/13/2005
Docket/Case Number: NASD 20050001884-01
Principal Product Type: No Product
Other Product Type(s):



Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE \$10,000;

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2005

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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND FINE OF \$10,000; UNDERTAKING

Disclosure 17 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010 - AN INDIVIDUAL, ACTING FOR THE RESPONDENT MEMBER, WAS RESPONSIBLE FOR REVIEWING AND APPROVING RESEARCH REPORTS FOR COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND NASD RULES AND FAILED TO ADEQUATELY REVIEW THE SALES LITERATURE AND ALLOWED A REGISTERED REPRESENTATIVE TO DISTRIBUTE RESEARCH REPORTS THAT VIOLATED NASD RULE 2210(D). THE RESEARCH REPORTS HAD INADEQUATE RISK DISCLOSURES ABOUT SPECIFIC RISKS OF INVESTING IN HEDGE FUNDS, MADE PRESENTATIONS THAT FAILED TO PROVIDE INVESTORS WITH A REASONABLE BASIS FOR EVALUATING FACTS ASSOCIATED WITH INVESTING IN HEDGE FUNDS, CONTAINED UNWARRANTED STATEMENTS AND CLAIMS, AND FAILED TO DISCLOSE THAT THE REGISTERED REPRESENTATIVE ISSUING THE REPORTS WAS AFFILIATED WITH THE FIRM.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 05/22/2003

Docket/Case Number: CAF030031

Principal Product Type: Other

Other Product Type(s): RESEARCH REPORTS

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/22/2003

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE (WILSON) WILLIAMS FINANCIAL GROUP CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000, JOINTLY AND SEVERALLY.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 3010 - WILLIAMS, ACTING FOR HIS MEMBER FIRM, WAS RESPONSIBLE FOR REVIEWING AND APPROVING RESEARCH REPORTS FOR COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND NASD RULES AND FAILED TO ADEQUATELY REVIEW THE SALES LITERATURE AND ALLOWED A REGISTERED REPRESENTATIVE TO DISTRIBUTE RESEARCH REPORTS THAT VIOLATED NASD RULE 2210(D). THE RESEARCH REPORTS HAD INADEQUATE RISK DISCLOSURES ABOUT SPECIFIC RISKS OF INVESTING IN HEDGE FUNDS, MADE PRESENTATIONS THAT FAILED TO PROVIDE INVESTORS WITH A REASONABLE BASIS FOR EVALUATING FACTS ASSOCIATED WITH INVESTING IN HEDGE FUNDS, CONTAINED UNWARRANTED STATEMENTS AND CLAIMS, AND FAILED TO DISCLOSE THAT THE REGISTERED REPRESENTATIVE ISSUING THE REPORTS WAS AFFILIATED WITH THE FIRM

Initiated By: NASD

Date Initiated: 04/04/2003

Docket/Case Number: CAF030031

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:



Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/22/2003
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: \$10,000 WAS PAID ON MAY 30, 2003

Disclosure 18 of 23

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 3010 AND 6955(A) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUBMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM ("OATS") ON 398 BUSINESS DAYS. THE 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 THE ASSOCIATION CONCERNING OATS. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE AT THE FIRM TO ENSURE COMPLIANCE WITH THE APPLICABLE RULES; (2) A STATEMENT OF THE STEP(S) THAT SUCH PERSON(S) SHOULD TAKE TO ENSURE COMPLIANCE THEREWITH; (3) A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S); AND (4) A STATEMENT AS TO HOW ENFORCEMENT OF SUCH WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED AT THE FIRM.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 11/25/2002
Docket/Case Number: CMS020220
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: 11/25/2002

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

Other Sanctions Ordered: UNDERTAKING.

Sanction Details: A CENSURE AND A FINE OF \$17,500 (CONSISTING OF \$12,500 FOR THE OATS VIOLATIONS AND \$5,000 FOR THE SUPERVISION VIOLATION), AND AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY NASD.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 3010 AND 6955(A) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUBMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM ("OATS") ON 398 BUSINESS DAYS. THE 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 THE ASSOCIATION CONCERNING OATS. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE AT THE FIRM TO ENSURE COMPLIANCE WITH THE APPLICABLE RULES; (2) A STATEMENT OF THE STEP(S) THAT SUCH PERSON(S) SHOULD TAKE TO ENSURE COMPLIANCE THEREWITH; (3) A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEPS; AND (4) A STATEMENT AS TO HOW ENFORCEMENT OF SUCH WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED AT THE FIRM.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/25/2002

Docket/Case Number: CMS020220

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure



Other Sanction(s)/Relief Sought:	AWC
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/25/2002
Sanctions Ordered:	Censure Monetary/Fine \$17,500.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	A CENSURE AND FINE OF \$17,500 (CONSISTING OF \$12,500 FOR THE OATS VIOLATIONS AND \$5000 FOR THE SUPERVISION VIOLATION) AND AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN PROCEDURES WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY NASD.

Disclosure 19 of 23

Reporting Source:	Regulator
Current Status:	Final
Allegations:	BRANCH OFFICE AGENTS WERE PERMITTED TO SEND OUT MISLEADING CORRESPONDENCE; RESPONDENT FAILED TO MAINTAIN ACCURATE RECORDS; ALLOWED BRANCH OFFICE TO OPERATE UNDER ASSUMED NAME AND FAILED TO CLEARLY DISCLOSE TO POTENTIAL CLIENTS THAT ALL SECURITIES TRANSACTIONS WERE EXECUTED AS AGENT OF WILLIAMS FINANCIAL; RESPONDENT FAILED TO DISCLOSE OUTSIDE BUSINESS ACTIVITY & EMPLOYMENT ON FORM U-4; RESPONDENT FAILED TO ESTABLISH ADEQUATE SUPERVISORY STRUCTURE TO ENFORCE INTERNAL COMPLIANCE PROCEDURES.
Initiated By:	TEXAS STATE SECURITIES BOARD
Date Initiated:	12/27/2000
Docket/Case Number:	SSB DCKT NO. 00-031; ORDER NO. CAF-1412
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	GENERAL DEALER & INVESTMENT ADVISER
Principal Sanction(s)/Relief Sought:	Reprimand
Other Sanction(s)/Relief Sought:	SUSPENSION/UNDERTAKING/ADMINISTRATIVE FINE



Resolution: Order
Resolution Date: 12/27/2000
Sanctions Ordered: Monetary/Fine \$10,000.00
 Suspension
Other Sanctions Ordered: REPRIMAND/UNDERTAKING
Sanction Details: THE DISCIPLINARY ORDER REPRIMANDING THE DEALER & SUSPENDING THE REGISTRATION OF A BRANCH OFFICE ASSESSED AN ADMINISTRATIVE FINE OF \$10,000, REQUIRES COMPLIANCE WITH THE TERMS OF THE UNDERTAKING INCORPORATED BY REFERENCE AND SUSPENDS THE BRANCH OFFICE FROM SOLICITING NEW CLIENT ACCOUNTS OR MEETING BY PROSPECTIVE CLIENTS FOR SEVEN CALENDAR DAYS BEGINNING 12/27/00.

Reporting Source: Firm
Current Status: Final
Allegations: HURST, TEXAS BRANCH OFFICE OF WFG FAILED TO ENFORCE THE FIRMS INTERNAL WRITTEN COMPLIANCE PROCEDURES.
Initiated By: STATE OF TEXAS
Date Initiated: 12/26/2000
Docket/Case Number: ORDER CAF-1412
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Reprimand
Other Sanction(s)/Relief Sought: \$10,000 FINE
Resolution: Order
Resolution Date: 12/26/2000
Sanctions Ordered: Monetary/Fine \$10,000.00
 Suspension
Other Sanctions Ordered: WFG SIGNED AN UNDERTAKING AGREEMENT PERTAINING TO THE HURST, TEXAS BRANCH LOCATION ONLY.



Sanction Details: BRANCH WAS SUSPENDED FROM SOLICITING ANY NEW CLIENT ACCOUNTS OR MEETING WITH PROSPECTIVE CLIENTS FOR SEVEN CALENDAR DAYS. SUSPENSION WAS SERVED THE WEEK OF DECEMBER 23RD THROUGH DECEMBER 29TH, 2000.

Disclosure 20 of 23

Reporting Source: Firm

Current Status: Final

Allegations: UNREGISTERED BROKER DEALER ACTIVITY.

Initiated By: STATE OF NEW MEXICO, SECURITIES DIVISION

Date Initiated: 04/01/1995

Docket/Case Number: 98-98-998-168 (CO)

Principal Product Type: Other

Other Product Type(s): VARIOUS

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/16/1998

Sanctions Ordered: Monetary/Fine \$27,500.00

Other Sanctions Ordered: \$2,500.00 ADMINISTRATIVE FINE

Sanction Details: WILLIAMS FINANCIAL GROUP CONSENTED TO A CIVIL PENALTY OF \$27,500 AND AN ADMINISTRATIVE FINE OF \$2,500.00.

Firm Statement A CONSENT ORDER WAS ENTERED IN WHICH WILLIAMS FINANCIAL GROUP AGREED TO CEASE AND DESIST FROM TRANSACTING BUSINESS AS A BROKER-DEALER IN NEW MEXICO WITHOUT FIRST COMPLYING WITH ALL PROVISIONS OF NEW MEXICO SECURITIES ACT OF 1986. WILLIAMS FINANCIAL AGREED THAT IT WOULD NOT RE-APPLY FOR LICENSURE IN NEW MEXICO FOR A PERIOD OF ONE YEAR FROM THE DATE OF THE CONSENT ORDER AND THAT IT WOULD AMEND IT COMPLIANCE PROCEDURES IN A MANNER ACCEPTABLE TO THE DIVISION PRIOR TO SUBMISSION OF ANY FUTURE APPLICATION IN NEW MEXICO.



Disclosure 21 of 23

Reporting Source:	Firm
Current Status:	Final
Allegations:	UNREGISTERED BROKER DEALER ACTIVITY
Initiated By:	STATE OF MISSOURI
Date Initiated:	04/13/1994
Docket/Case Number:	AO-94-33
Principal Product Type:	Other
Other Product Type(s):	VARIOUS
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/18/1995
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	WILLIAMS FINANCIAL GROUP CONSENTED TO AN ADMINISTRATIVE FINE OF \$2,000.00.
Firm Statement	WILLIAMS FINANCIAL GROUP DID NOT REALIZE IT HAD ACCOUNT(S) OPENED FOR CUSTOMERS IN THE STATE OF MISSOURI. UPON DETERMINATION, WILLIAMS FINANCIAL GROUP APPLIED FOR REGISTRATION IN THE STATE OF MISSOURI. THERE WAS NO ADVERTISING OF SOLICITATION. WILLIAMS FINANCIAL GROUP IS NOW REGISTERED IN THE STATE OF MISSOURI.

Disclosure 22 of 23

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WILLIAMS, BUCHANAN & COMPANY, INC. ("WBC") SUBMITTED A SIGNED OFFFER OF SETTLEMENT WHICH STATED THAT WBC HAD ENGAGED IN SECURITIES TRANSACTIONS IN MASSACHUSETTS WITH NON-INSTITUTIONAL CUSTOMERS AT TIMES WHEN IT WAS NOT REGISTERED



AS A BROKER-DEALER IN MASSACHUSETTS.

Initiated By: MASSACHUSETTS SECURITIES DIVISION

Date Initiated: 12/02/1996

Docket/Case Number: R-96-287

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/02/1996

Sanctions Ordered: Monetary/Fine \$2,050.00

Other Sanctions Ordered:

Sanction Details: ON DECEMBER 2, 1996, THE DIVISION ENTERED A CONSENT ORDER APPROVING REGISTRATION UPON CONDITIONS. WBC PAID TO THE DIVISION AN ADMINISTRATIVE FINE OF \$2050. TO PREVENT AND DETECT VIOLATIONS AND TO ENSURE COMPLIANCE WITH SECTION 201 OF THE ACT, WBC SHALL AMEND ITS COMPLIANCE MANUAL AND MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES. WBC SHALL ALSO NOTIFY EACH OF ITS MASSACHUSETTS CUSTOMERS, IN WHOSE ACCOUNTS ACTIVITY OCCURED PRIOR TO THE DATE OF THE ORDER, THAT SUCH ACTIVITY OCCURED WHILE WBC WAS NOT REGISTERED AS A BROKER-DEALER IN MASSACHUSETTS.

Regulator Statement CONTACT: JOE SHEEHAN 617-727-3548

Reporting Source: Firm

Current Status: Final

Allegations: UNREGISTERED BROKER DEALER ACTIVITY

Initiated By: COMMONWEALTH OF MASSACHUSETTS



Date Initiated: 08/07/1996

Docket/Case Number: R-965-287

Principal Product Type: Other

Other Product Type(s): VARIOUS

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/02/1997

Sanctions Ordered: Monetary/Fine \$2,050.00

Other Sanctions Ordered:

Sanction Details: WILLIAMS FINANCIAL GROUP CONSENTED TO AN ADMINISTRATIVE FINE OF \$2,050.00

Firm Statement

WILLIAMS FINANCIAL GROUP'S FAILURE TO REGISTER AS A BROKER DEALER WAS BASED UPON OUR UNDERSTANDING THAT A BROKER DEALER WITH NO PLACE OF BUSINESS IN THE COMMONWEALTH, COULD, DURING A 12 MONTH PERIOD, MAKE NO MORE THAN 15 OFFERS TO BUY AND SELL SECURITIES TO PERSONS WHO WERE NOT ISSUES, OTHER BD'S OR INSTITUTIONAL INVESTORS. BY DEFINITION, WFG THOUGHT IT WAS EXEMPT UNDER SECTION 401(4)(B). WE RECEIVED LEGAL COUNSEL ON THE SUBJECT AND INTERPRETED THAT ADVICE TO INCLUDE "SALES" IN ADDITION TO "OFFERS".

Disclosure 23 of 23

Reporting Source: Regulator

Current Status: Final

Allegations: FROM AT LEAST 10/93 THROUGH 3/94, THE FIRM EFFECTED SECURITIES TRANSACTIONS ON BEHALF OF CONNECTICUT RESIDENTS ABSENT REGISTRATION AS A BROKER-DEALER UNDER THE CONNECTICUT UNIFORM SECURITIES ACT.

Initiated By: CONNECTICUT DEPT. OF BANKING

Date Initiated: 02/10/1995

Docket/Case Number: CO-94-2662-S

**URL for Regulatory Action:****Principal Product Type:****Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 02/10/1995**Sanctions Ordered:** Cease and Desist/Injunction**Other Sanctions Ordered:**

Sanction Details: PER CONSENT ORDER DATED 2/10/95, THE FIRM WAS DIRECTED TO CEASE AND DESIST FROM REGULATORY VIOLATIONS. IN ADDITION, THE FIRM WAS ORDERED TO REVIEW, REVISE AND IMPLEMENT SUPERVISORY AND COMPLIANCE PROCEDURES DESIGNED TO PREVENT AND DETECT REGULATORY VIOLATIONS. THE CONSENT ORDER ALSO REQUIRED THE FIRM TO PAY A \$2,000 CIVIL PENALTY TO THE DEPT. AND TO REIMBURSE THE DIVISION \$250 FOR THE DIVISION'S INVESTIGATIVE COSTS.

Regulator Statement CONTACT: SAL CANNATA, 240-8299**Reporting Source:** Firm**Current Status:** Final**Allegations:** UNREGISTERED BROKER DEALER ACTIVITY**Initiated By:** STATE OF CONNECTICUT**Date Initiated:** 04/13/1994**Docket/Case Number:** CO - 94 - 2662 - S**Principal Product Type:** Other**Other Product Type(s):** VARIOUS**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 02/10/1995

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details: WILLIAMS FINANCIAL GROUP CONSENTED TO AN ADMINISTRATIVE FINE OF \$2,000.00 AND TO REIMBURSE THE STATE OF CONNECTICUT \$250.00 FOR THE COSTS OF INVESTIGATION.

Firm Statement WILLIAMS FINANCIAL GROUP DID NOT REALIZE IT HAD ACCOUNT(S) FOR CUSTOMERS IN CONNECTICUT. UPON DETERMINATION, WILLIAMS FINANCIAL GROUP IMMEDIATELY APPLIED FOR REGISTRATION. THERE WAS NO ADVERTISING OR SOLICITATION. WILLIAMS FINANCIAL GROUP IS NOW REGISTERED IN THE STATE OF CONNECTICUT.



Civil - Final

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

Disclosure 1 of 1

Reporting Source:	Firm
Current Status:	Final
Allegations:	MISREPRESENTING THE SUITABILITY AND/OR APPROPRIATENESS OF SELLING SECURITIES AND PURCHASING DEFERRED ANNUITIES; AIDING AND ABETTING IN UNLICENSED SECURITIES TRANSACTIONS; FAILURE TO SUPERVISE
Initiated By:	STATE OF HAWAII, CONSUMER PROTECTION DIVISION
Court Details:	STATE OF HAWAII, CIRCUIT COURT OF THE FIRST CIRCUIT, CIVIL CASE NO. 04-1-1317-07 VSM
Date Court Action Filed:	07/27/2004
Principal Product Type:	Annuity(ies) - Fixed
Other Product Types:	
Relief Sought:	Restitution
Other Relief Sought:	
Resolution:	Settled
Resolution Date:	06/08/2006
Sanctions Ordered or Relief Granted:	Monetary/Fine \$50,000.00
Other Sanctions:	
Sanction Details:	AGREED TO PAY THE STATE OF HAWAII DCCA COMPLIANCE RESOLUTION FUND THE SUM OF \$45,000 AND THE STATE OF HAWAII OCP THE SUM OF \$5,000.
Firm Statement	WFG VEHEMENTLY DENIES THE ALLEGATIONS CITED IN THIS MATTER AND DEFENDED THE ACTION VIGOROUSLY. THE SETTLEMENT AGREEMENT REACHED BETWEEN WFG AND THE STATE OF HAWAII RESULTED IN A DISMISSAL OF THE LAWSUIT, WITH PREJUDICE. NO FINDINGS OF WRONGDOING AGAINST WFG WERE MADE.

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 3

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:	03/07/2008
Case Number:	08-00455
Disputed Product Type:	COMMON STOCK; CORPORATE BONDS; MUNICIPAL BOND FUNDS; MUNICIPAL BONDS
Sum of All Relief Requested:	\$2,588,210.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/01/2009
Sum of All Relief Awarded:	\$700,000.01

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

Disclosure 2 of 3

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	10/17/2011
Case Number:	11-03886
Disputed Product Type:	MUTUAL FUNDS

Sum of All Relief Requested: \$3,675.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/23/2012
Sum of All Relief Awarded: \$3,675.00

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 3

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: FINRA
Case Initiated: 03/29/2017
Case Number: 17-00486
Disputed Product Type: COMMON STOCK; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$5,054,000.07
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/21/2019
Sum of All Relief Awarded: \$5,054,000.00

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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