

BrokerCheck Report

B. RILEY WEALTH MANAGEMENT

CRD# 2543

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Firm Profile	2 - 7
Firm History	8
Firm Operations	9 - 20
Disclosure Events	21

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)



B. RILEY WEALTH MANAGEMENT

CRD# 2543

SEC# 8-31206

Main Office Location

40 SOUTH MAIN
SUITE 1800
MEMPHIS, TN 38103
Regulated by FINRA New Orleans Office

Mailing Address

40 SOUTH MAIN
SUITE 1800
MEMPHIS, TN 38103

Business Telephone Number

901-251-1330

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

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

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.

This firm was formed in Tennessee on 01/10/1992.

Its fiscal year ends in December.

Firm History

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

Firm Operations

This firm is registered with:

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

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

This firm conducts 19 types of businesses.

This firm is affiliated with financial or investment institutions.

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

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	18
Arbitration	4
Bond	1



Firm Profile

This firm is classified as a corporation.

This firm was formed in Tennessee on 01/10/1992.

Its fiscal year ends in December.

Firm Names and Locations

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

B. RILEY WEALTH MANAGEMENT, INC.

Doing business as B. RILEY WEALTH MANAGEMENT

CRD# 2543

SEC# 8-31206

Main Office Location

40 SOUTH MAIN
SUITE 1800
MEMPHIS, TN 38103

Regulated by FINRA New Orleans Office

Mailing Address

40 SOUTH MAIN
SUITE 1800
MEMPHIS, TN 38103

Business Telephone Number

901-251-1330

Other Names of this Firm

Name	Where is it used
B RILEY WEALTH ADVISORS	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX,

B. RILEY WEALTH

UT, VA, VI, VT, WA,
WI, WV, WY

AK, AL, AR, AZ, CA,
CO, CT, DC, DE, FL,
GA, HI, IA, ID, IL, IN,
KS, KY, LA, MA, MD,
ME, 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):	B. RILEY WEALTH MANAGEMENT HOLDINGS, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	DIRECT OWNER
Position Start Date	12/1997
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):	BONNEMA, STEPHEN JOSEPH 2229865
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF ADMINISTRATIVE OFFICER
Position Start Date	07/2002
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):	HASTINGS, CHARLES PETER 4249390
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF EXECUTIVE OFFICER
Position Start Date	08/2020

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): MARKUNAS, MICHAEL
1832307

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 12/2019

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): SWAIN, MARY ANN NELL
6484916

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

Position CHIEF FINANCIAL OFFICER

Position Start Date 02/2019

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): ZANONE, PHILIP RICHARD JR

Firm Profile



Direct Owners and Executive Officers (continued)

2135221

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

Position CHIEF OPERATING OFFICER

Position Start Date 12/1997

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	B. RILEY FINANCIAL, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	B. RILEY WEALTH MANAGEMENT HOLDINGS, INC.
Relationship to Direct Owner	PARENT
Relationship Established	07/2017
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

Firm History

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

No information reported.





Firm Operations

Registrations

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

This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	02/15/1984

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	03/08/1984



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	08/04/1994	North Carolina	Approved	04/15/1997
Alaska	Approved	02/28/2003	North Dakota	Approved	11/09/2006
Arizona	Approved	04/07/1994	Ohio	Approved	02/25/1999
Arkansas	Approved	04/02/1993	Oklahoma	Approved	01/26/2001
California	Approved	04/22/1997	Oregon	Approved	04/23/1997
Colorado	Approved	07/01/1998	Pennsylvania	Approved	01/22/1997
Connecticut	Approved	04/29/1997	Puerto Rico	Approved	05/15/2012
Delaware	Approved	09/21/2001	Rhode Island	Approved	01/25/2007
District of Columbia	Approved	03/30/2000	South Carolina	Approved	10/27/1997
Florida	Approved	05/24/1994	South Dakota	Approved	11/07/2005
Georgia	Approved	01/29/1990	Tennessee	Approved	08/17/1981
Hawaii	Approved	10/03/2006	Texas	Approved	08/23/1993
Idaho	Approved	04/17/2001	Utah	Approved	11/29/2000
Illinois	Approved	01/28/1993	Vermont	Approved	04/09/2002
Indiana	Approved	03/02/1999	Virgin Islands	Approved	03/18/2010
Iowa	Approved	04/27/1999	Virginia	Approved	09/01/1992
Kansas	Approved	08/26/1998	Washington	Approved	04/28/1997
Kentucky	Approved	05/09/1989	West Virginia	Approved	01/01/2005
Louisiana	Approved	01/18/1990	Wisconsin	Approved	01/30/2001
Maine	Approved	01/29/2003	Wyoming	Approved	04/10/2002
Maryland	Approved	04/15/1997			
Massachusetts	Approved	06/25/1998			
Michigan	Approved	05/20/1997			
Minnesota	Approved	03/07/2001			
Mississippi	Approved	10/14/1981			
Missouri	Approved	03/31/1993			
Montana	Approved	01/29/2001			
Nebraska	Approved	09/24/2001			
Nevada	Approved	02/11/1999			
New Hampshire	Approved	07/11/2001			
New Jersey	Approved	05/01/1997			
New Mexico	Approved	04/20/2000			
New York	Approved	01/21/1994			



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

Exchange member engaged in exchange commission business other than floor activities
Broker or dealer making inter-dealer markets in corporation securities over-the-counter
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 underwriter or sponsor
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
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities
Other - B. RILEY WEALTH IS ALSO A LICENSED INSURANCE COMPANY IN THE STATE OF TENNESSEE AND THE STATE OF TEXAS FOR LIFE, ACCIDENT, HEALTH, AND FIXED CONTRACTS.

Other Types of Business

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

This firm does engage in other non-securities business.

Non-Securities Business Description: B. RILEY WEALTH IS ALSO A LICENSED INSURANCE COMPANY IN THE STATE OF TENNESSEE AND THE STATE OF TEXAS FOR LIFE, ACCIDENT, HEALTH, AND FIXED CONTRACTS.



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: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: ONE DALLAS CENTER
 350 N. ST. PAUL, SUITE 1300
 75201, TN 75201
Effective Date: 01/12/2021
Description: APEX CLEARING CORPORATION ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR APEX CLEARING CORPORATION.

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 155 SEAPORT BOULEVARD
 BOSTON, MA 02210
Effective Date: 10/16/2018
Description: NATIONAL FINANCIAL SERVICES LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR NATIONAL FINANCIAL SERVICES LLC

Name: WELLS FARGO CLEARING SERVICES, LLC
CRD #: 19616
Business Address: ONE NORTH JEFFERSON AVENUE
 ST. LOUIS, MO 63103
Effective Date: 08/07/2002
Description: WELLS FARGO CLEARING SERVICES, LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED



Introducing Arrangements

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

BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR WELLS FARGO CLEARING SERVICES,LLC AN ALTERNATE NAME FOR WELLS FARGO ADVISORS,LLC.

Firm Operations

Industry Arrangements



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

Name: APEX CLEARING CORPORATION

CRD #: 13071

Business Address: ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TX 75201

Effective Date: 01/12/2021

Description: APEX CLEARING CORPORATION ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR APEX CLEARING CORPORATION.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 155 SEAPORT BOULEVARD
BOSTON, MA 02210

Effective Date: 10/16/2018

Description: NATIONAL FINANCIAL SERVICES LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR NATIONAL FINANCIAL SERVICES LLC

Name: WELLS FARGO CLEARING SERVICES, LLC

CRD #: 19616

Business Address: ONE NORTH JEFFERSON AVENUE
ST. LOUIS, MO 63103

Effective Date: 08/07/2002

Description: WELLS FARGO CLEARING SERVICES, LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR WELLS FARGO CLEARING SERVICES,LLC AN ALTERNATE NAME FOR WELLS FARGO ADVISORS,LLC.

Firm Operations



Industry Arrangements (continued)

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

Name: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: ONE DALLAS CENTER
 350 N. ST. PAUL, SUITE 1300
 DALLAS, TN 75201
Effective Date: 01/12/2021
Description: APEX CLEARING CORPORATION ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR APEX CLEARING CORPORATION.

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 155 SEAPORT BOULEVARD
 BOSTON, MA 02210
Effective Date: 10/16/2018
Description: NATIONAL FINANCIAL SERVICES LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR NATIONAL FINANCIAL SERVICES LLC

Name: WELLS FARGO CLEARING SERVICES, LLC
CRD #: 19616
Business Address: ONE NORTH JEFFERSON AVENUE
 ST. LOUIS, MO 63103
Effective Date: 08/07/2002
Description: WELLS FARGO CLEARING SERVICES, LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR WELLS FARGO CLEARING SERVICES,LLC AN ALTERNATE NAME FOR WELLS FARGO ADVISORS,LLC.

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

Name: APEX CLEARING CORPORATION

Firm Operations



Industry Arrangements (continued)

CRD #: 13071

Business Address: ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TN 75201

Effective Date: 01/12/2021

Description: APEX CLEARING CORPORATION ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR APEX CLEARING CORPORATION.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 155 SEAPORT BOULEVARD
BOSTON, MA 02210

Effective Date: 10/16/2018

Description: NATIONAL FINANCIAL SERVICES LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR NATIONAL FINANCIAL SERVICES LLC

Name: WELLS FARGO CLEARING SERVICES, LLC

CRD #: 19616

Business Address: ONE NORTH JEFFERSON AVENUE
ST. LOUIS, MO 63103

Effective Date: 08/07/2002

Description: WELLS FARGO CLEARING SERVICES, LLC ACTS AS APPLICANTS CLEARING BROKER TO CLEAR AND CARRY ON A FULLY DISCLOSED BASIS CUSTOMER'S MARGIN AND CASH ACCOUNTS AND PROPRIETARY ACCOUNTS AND WE ARE A CORRESPONDENT FOR WELLS FARGO CLEARING SERVICES,LLC AN ALTERNATE NAME FOR WELLS FARGO ADVISORS,LLC.

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.

WINSLOW WEALTH MANAGEMENT LLC is under common control with the firm.

CRD #:	166196
Business Address:	175 FEDERAL ST. 6TH FLOOR BOSTON, MA 02110
Effective Date:	02/25/2021
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WINSLOW WEALTH MANAGEMENT, LLC. IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL. INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

WINSLOW, EVANS & CROCKER, INC. is under common control with the firm.

CRD #:	29686
Business Address:	175 FEDERAL ST. 6TH FLOOR BOSTON, MA 02110
Effective Date:	02/25/2021
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Description: WINSLOW, EVANS & CROCKER, INC. IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

NATIONAL ASSET MANAGEMENT, INC. is under common control with the firm.

CRD #: 115927

Business Address: 5000 T-REX AVENUE
SUITE 300
BOCA RATON, FL 33431

Effective Date: 02/25/2021

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: NATIONAL ASSET MANAGEMENT, INC. IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

NATIONAL SECURITIES CORPORATION is under common control with the firm.

CRD #: 7569

Business Address: 5000 T-REX AVENUE
SUITE 300
BOCA RATON, FL 33431

Effective Date: 02/25/2021

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: NATIONAL SECURITIES CORPORATION IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

B. RILEY ALTERNATIVES is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

CRD #: 292062

Business Address: 119 ROWAYTON AVE
NORWALK, CT 06853

Effective Date: 04/02/2018

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: B. RILEY ALTERNATIVES IS AN SEC REGISTERED BROKER-DEALER UNDER COMMON CONTROL BY WAY OF B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

B. RILEY SECURITIES, INC. is under common control with the firm.

CRD #: 25027

Business Address: 11100 SANTA MONICA BLVD
SUITE 800
LOS ANGELES, CA 90025

Effective Date: 07/03/2017

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: B. RILEY SECURITIES, INC. IS ANSEC REGISTERED BROKER-DEALER UNDER COMMON CONTROL BY WAY OF B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

B. RILEY CAPITAL MANAGEMENT is under common control with the firm.

CRD #: 160510

Business Address: 11100 SANTA MONICA BLVD
SUITE 800
LOS ANGELES, CA 90025

Effective Date: 07/03/2017

Firm Operations



Organization Affiliates (continued)

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: B. RILEY CAPITAL MANAGEMENT, LLC IS AN SEC REGISTERED INVESTMENT ADVISER UNDER COMMON CONTROL BY WAY OF B. RILEY FINANCIAL, INC., A PUBLICLY TRADED, DIVERSIFIED FINANCIAL SERVICES COMPANY.

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	18	0
Arbitration	N/A	4	N/A
Bond	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 18

Reporting Source: Regulator
Current Status: Final



Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO SUPERVISE REPRESENTATIVES' RECOMMENDATIONS TO CUSTOMERS TO PURCHASE PARTICULAR SHARE CLASSES OF 529 SAVINGS PLANS. THE FINDINGS STATED THAT THE FIRM DID NOT PROVIDE ADEQUATE GUIDANCE TO REPRESENTATIVES REGARDING THE IMPORTANCE OF CONSIDERING SHARE-CLASS DIFFERENCES WHEN RECOMMENDING 529 PLANS. ALSO, ALTHOUGH THE FIRM'S WSPS REQUIRED A REVIEW OF 529 PLAN APPLICATIONS AT ACCOUNT OPENING, THE PROCEDURES DID NOT REQUIRE SUPERVISORS TO EVALUATE THE SUITABILITY OF SHARE-CLASS RECOMMENDATIONS OR PROVIDE ADEQUATE GUIDANCE TO SUPERVISORS REGARDING THE FACTS AND FACTORS RELEVANT TO SUCH A SUITABILITY REVIEW. ADDITIONALLY, DESPITE REQUIRING SUPERVISORY REVIEW OF 529 PLAN ACCOUNTS AT ACCOUNT OPENING, THE FIRM DID NOT HAVE ANY SYSTEMS OR CONTROLS DESIGNED TO TRACK ACCOUNTS AS THEY WERE OPENED TO CHECK THAT THE REQUIRED SUPERVISORY REVIEWS WERE, IN FACT, CONDUCTED. FINALLY, THE FIRM DID NOT CONSISTENTLY MAINTAIN 529 PLAN ACCOUNT INFORMATION OR CAPTURE TRADE DATA FOR ITS 529 PLAN ACCOUNTS, BOTH OF WHICH WERE NECESSARY FOR A REASONABLE SUPERVISORY REVIEW OF TRADING ACTIVITY, INCLUDING WITH RESPECT TO THE SUITABILITY OF 529 PLAN SHARE-CLASS RECOMMENDATIONS. AS A RESULT OF THE DEFICIENCIES DESCRIBED ABOVE, THE FIRM WAS UNABLE TO CONDUCT A REASONABLE SUPERVISORY REVIEW OF THE ACTIVITY IN AT LEAST 3,119 ACCOUNTS, INCLUDING APPROXIMATELY 620 ACCOUNTS WITH BENEFICIARIES UNDER 12 YEARS OLD THAT HELD AT LEAST \$4.6 MILLION IN 529 PLAN SHARES.

Initiated By: FINRA

Date Initiated: 12/30/2020

Docket/Case Number: [2019062526201](#)

Principal Product Type: Other

Other Product Type(s): 529 PLANS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/30/2020



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

No

Sanctions Ordered:

Censure
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND ORDERED TO PAY RESTITUTION AND INTEREST IN THE TOTAL AMOUNT OF \$252,740. THE FIRM PAID THE RESTITUTION AND INTEREST PRIOR TO THE EFFECTIVE DATE OF THE AWC.

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 ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO SUPERVISE REPRESENTATIVES' RECOMMENDATIONS TO CUSTOMERS TO PURCHASE PARTICULAR SHARE CLASSES OF 529 SAVINGS PLANS. THE FINDINGS STATED THAT THE FIRM DID NOT PROVIDE ADEQUATE GUIDANCE TO REPRESENTATIVES REGARDING THE IMPORTANCE OF CONSIDERING SHARE-CLASS DIFFERENCES WHEN RECOMMENDING 529 PLANS. ALSO, ALTHOUGH THE FIRM'S WSPS REQUIRED A REVIEW OF 529 PLAN APPLICATIONS AT ACCOUNT OPENING, THE PROCEDURES DID NOT REQUIRE SUPERVISORS TO EVALUATE THE SUITABILITY OF SHARE-CLASS RECOMMENDATIONS OR PROVIDE ADEQUATE GUIDANCE TO SUPERVISORS REGARDING THE FACTS AND FACTORS RELEVANT TO SUCH A SUITABILITY REVIEW. ADDITIONALLY, DESPITE REQUIRING SUPERVISORY REVIEW OF 529 PLAN ACCOUNTS AT ACCOUNT OPENING, THE FIRM DID NOT HAVE ANY SYSTEMS OR CONTROLS DESIGNED TO TRACK ACCOUNTS AS THEY WERE OPENED TO CHECK THAT THE REQUIRED SUPERVISORY REVIEWS WERE, IN FACT, CONDUCTED. FINALLY, THE FIRM DID NOT CONSISTENTLY MAINTAIN 529 PLAN ACCOUNT INFORMATION OR CAPTURE TRADE DATA FOR ITS 529 PLAN ACCOUNTS, BOTH OF WHICH WERE NECESSARY FOR A REASONABLE SUPERVISORY REVIEW OF TRADING ACTIVITY, INCLUDING WITH RESPECT TO THE SUITABILITY OF 529 PLAN SHARE-CLASS RECOMMENDATIONS. AS A RESULT OF THE DEFICIENCIES DESCRIBED ABOVE, THE FIRM WAS UNABLE TO CONDUCT A REASONABLE SUPERVISORY REVIEW OF THE ACTIVITY IN AT LEAST 3,119 ACCOUNTS,



INCLUDING APPROXIMATELY 620 ACCOUNTS WITH BENEFICIARIES UNDER 12 YEARS OLD THAT HELD AT LEAST \$4.6 MILLION IN 529 PLAN SHARES.

Initiated By: FINRA

Date Initiated: 12/30/2020

Docket/Case Number: [2019062526201](#)

Principal Product Type: Other

Other Product Type(s): 529 PLANS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/30/2020

Sanctions Ordered: Censure
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND ORDERED TO PAY RESTITUTION AND INTEREST IN THE TOTAL AMOUNT OF \$252,740. THE FIRM PAID THE RESTITUTION AND INTEREST PRIOR TO THE EFFECTIVE DATE OF THE AWC.

Disclosure 2 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY REPORT APPROXIMATELY 450 TRANSACTIONS INVOLVING TRACE-ELIGIBLE SECURITIES THAT WERE EXECUTED BETWEEN IT AND AN AFFILIATED REGISTERED INVESTMENT ADVISOR. THE FINDINGS STATED THAT THE FIRM FAILED TO MAINTAIN ADEQUATE WSPS ADDRESSING TRACE-REPORTING REQUIREMENTS APPLICABLE TO TRANSACTIONS INVOLVING "TO BE ANNOUNCED" MORTGAGE-BACKED SECURITIES.

Initiated By: FINRA

Date Initiated: 12/08/2017



Docket/Case Number:	2016047819701
Principal Product Type:	Other
Other Product Type(s):	MORTGAGE-BACKED SECURITIES
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/08/2017
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 \$17,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$17,000. FINES PAID IN FULL ON DECEMBER 27, 2017.
<hr/>	
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 TIMELY REPORT APPROXIMATELY 450 TRANSACTIONS INVOLVING TRACE-ELIGIBLE SECURITIES THAT WERE EXECUTED BETWEEN IT AND AN AFFILIATED REGISTERED INVESTMENT ADVISOR. THE FINDINGS STATED THAT THE FIRM FAILED TO MAINTAIN ADEQUATE WSPS ADDRESSING TRACE-REPORTING REQUIREMENTS APPLICABLE TO TRANSACTIONS INVOLVING "TO BE ANNOUNCED" MORTGAGE-BACKED SECURITIES.
Initiated By:	FINRA
Date Initiated:	12/08/2017
Docket/Case Number:	2016047819701
Principal Product Type:	Other



Other Product Type(s):	MORTGAGE-BACKED SECURITIES
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/08/2017
Sanctions Ordered:	Censure Monetary/Fine \$17,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$17,000.

Disclosure 3 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REGARDING THE PREPARATION AND DISSEMINATION OF CONSOLIDATED REPORTS. THE FINDINGS STATED THAT ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) EXPRESSLY PERMITTED THE PREPARATION AND DISSEMINATION OF CONSOLIDATED REPORTS, THEY DID NOT ADEQUATELY ADDRESS HOW THE FIRM WOULD SUPERVISE THE USE OF CONSOLIDATED REPORTS. THE FIRM ALSO FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM OR WRITTEN PROCEDURES TO ENSURE THE ACCURACY OF ANY VALUATION INFORMATION THAT WAS PROVIDED BY A REGISTERED REPRESENTATIVE IN A CONSOLIDATED REPORT AND MANDATING THE INCLUSION IN CONSOLIDATED REPORTS OF SPECIFIC DISCLOSURES REGARDING THE SOURCE AND ACCURACY OF ANY VALUATION INFORMATION THAT WAS PROVIDED BY A REGISTERED REPRESENTATIVE. IN ADDITION, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES TO ENSURE THAT SUPERVISORY REVIEWS OF CONSOLIDATED REPORTS WERE PERFORMED AND DOCUMENTED BY THE APPLICABLE SUPERVISORS AND READILY AVAILABLE FOR REVIEW BY THE FIRM OR ANY REGULATORY AUTHORITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY</p>



SYSTEM AND WRITTEN PROCEDURES FOR THE SUPERVISION OF SALES OF NONTRADITIONAL EXCHANGE-TRADED FUNDS (ETFs). ALTHOUGH THE FIRM PERMITTED ITS REGISTERED REPRESENTATIVES TO RECOMMEND NONTRADITIONAL ETFs, THE FIRM'S WSPS DID NOT ADEQUATELY ADDRESS THE PARTICULAR CHARACTERISTICS AND RISKS ASSOCIATED WITH NONTRADITIONAL ETFs. IN ADDITION, THE FIRM DID NOT UTILIZE AN EFFECTIVE SYSTEM OR REPORT TO ENABLE ITS SUPERVISORS TO READILY IDENTIFY INSTANCES IN WHICH A CUSTOMER MIGHT BE HOLDING A POSITION IN A NONTRADITIONAL ETF FOR AN EXTENDED PERIOD OF TIME. THE FIRM ALSO FAILED TO PROVIDE FORMAL TRAINING TO ITS REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL REGARDING THE UNIQUE CHARACTERISTICS AND RISKS OF NONTRADITIONAL ETFs.

Initiated By: FINRA

Date Initiated: 10/26/2015

Docket/Case Number: [2013035334201](#)

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: 10/26/2015

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

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$50,000.

FINE PAID IN FULL ON NOVEMBER 13, 2015.



Reporting Source: Firm

Current Status: Final

Allegations: FROM APRIL 12, 2012, THROUGH MAY 17, 2013, WSI FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REGARDING THE PREPARATION AND DISSEMINATION OF CONSOLIDATED REPORTS, IN VIOLATION OF NASD CONDUCT RULE 3010, SUBPARTS (A), (B), AND (D)(2), AND FINRA RULE 2010. IN ADDITION, FROM JULY 1, 2012, THROUGH MARCH 31, 2013, WSI FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES FOR THE SUPERVISION OF SALES OF NONTRADITIONAL ETFs, IN VIOLATION OF NASD CONDUCT RULE 3010, SUBPARTS (A) AND (B), AND FINRA RULE 2010.

Initiated By: FINRA

Date Initiated: 10/26/2015

Docket/Case Number: [2013035334201](#)

Principal Product Type: Other

Other Product Type(s): NONTRADITIONAL ETFs AND CONSOLIDATED REPORTS

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: CENSURE AND A FINE OF \$50,000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/26/2015

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REGARDING THE PREPARATION AND DISSEMINATION OF CONSOLIDATED REPORTS. THE FINDINGS STATED THAT ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES EXPRESSLY PERMITTED THE PREPARATION AND DISSEMINATION OF CONSOLIDATED REPORTS, THEY DID NOT ADEQUATELY ADDRESS HOW THE FIRM WOULD SUPERVISE THE USE OF CONSOLIDATED REPORTS AS WELL AS TO ENSURE THE ACCURACY OF



ANY VALUATION INFORMATION THAT WAS PROVIDED BY A REGISTERED REPRESENTATIVE IN A CONSOLIDATED REPORT AND MANDATING THE INCLUSION IN CONSOLIDATED REPORTS OF SPECIFIC DISCLOSURES REGARDING THE SOURCE AND ACCURACY OF ANY VALUATION INFORMATION THAT WAS PROVIDED BY A REGISTERED REPRESENTATIVE AND TO ENSURE THAT SUPERVISORY REVIEWS OF CONSOLIDATED REPORTS WERE PERFORMED AND DOCUMENTED BY THE APPLICABLE SUPERVISORS AND READILY AVAILABLE FOR REVIEW BY THE FIRM OR ANY REGULATORY AUTHORITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES FOR THE SUPERVISION OF SALES OF NONTRADITIONAL EXCHANGE-TRADED FUNDS (ETFs). ALTHOUGH THE FIRM PERMITTED ITS REGISTERED REPRESENTATIVES TO RECOMMEND NONTRADITIONAL ETFs, THE FIRM'S WSPS DID NOT ADEQUATELY ADDRESS THE PARTICULAR CHARACTERISTICS AND RISKS ASSOCIATED WITH NONTRADITIONAL ETFs. IN ADDITION, THE FIRM DID NOT UTILIZE AN EFFECTIVE SYSTEM OR REPORT TO ENABLE ITS SUPERVISORS TO READILY IDENTIFY INSTANCES IN WHICH A CUSTOMER MIGHT BE HOLDING A POSITION IN A NONTRADITIONAL ETF FOR AN EXTENDED PERIOD OF TIME. THE FIRM ALSO FAILED TO PROVIDE FORMAL TRAINING TO ITS REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL REGARDING THE UNIQUE CHARACTERISTICS AND RISKS OF NONTRADITIONAL ETFs.

Disclosure 4 of 18

Reporting Source:	Firm
Current Status:	Final
Allegations:	RESPONDENTS ADMIT THAT THEY VIOLATED SECTION 2110(I) OF THE INSURANCE LAW IN THAT THEY FAILED TO REPORT TO THE SUPERINTENDENT WITHIN THIRTY DAYS THE FINAL DISPOSITION OF THE MATTER THAT RESPONDENT WUNDERLICH SECURITIES INC. WAS PLACED ON PROBATION FOR A PERIOD OF TWO YEARS BY THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES ON OR ABOUT SEPTEMBER 25, 2008.
Initiated By:	STATE OF NEW YORK INSURANCE DEPARTMENT
Date Initiated:	11/02/2009
Docket/Case Number:	2009-0272-S
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief	Civil and Administrative Penalt(ies) /Fine(s)

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Stipulation and Consent**Resolution Date:** 11/02/2009**Sanctions Ordered:** Monetary/Fine \$750.00**Other Sanctions Ordered:**

Sanction Details: RESPONDENTS HEREBY WAIVE THEIR RIGHT TO NOTICE AND A HEARING ON SALD CHARGE AND AGREE, IN LIEU OF ANY POTHER DISCIPLINARY ACTION WHICHH MIGHT BE TAKEN BY THE DEPARTMENT IN CONSEQUENCE OF THE FOREGOING, TO THE IMPOSITION OF A PENALTY IN THE SUM OF SEVEN HUNDRED FIFTY DOLLARS.

Disclosure 5 of 18**Reporting Source:** Regulator**Current Status:** Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM SOLD, ON BEHALF OF CUSTOMERS, APPROXIMATELY 271 MILLION UNREGISTERED SHARES OF THINLY TRADED LOW-PRICED STOCKS WITHOUT FIRST CONFIRMING, THROUGH A SUFFICIENT INDEPENDENT INQUIRY, THAT THE SHARES COULD BE SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION. THE FINDINGS STATED THAT BECAUSE THE SHARES WERE NOT COVERED BY A REGISTRATION STATEMENT DID NOT COVER THE ISSUERS' SHARES; THE FIRM COULD NOT SELL THOSE SHARES WITHOUT HAVING CONFIRMED, THROUGH A REASONABLE INQUIRY, THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933 AND PREVENT ILLEGAL RE-SALES OF RESTRICTED SECURITIES. THE FIRM FAILED TO PROVIDE ADEQUATE TRAINING TO THE DESIGNATED SUPERVISORS ON HOW TO ASSESS THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION. THE FINDINGS ALSO STATED THAT THE FIRM, ACTING THROUGH A REPRESENTATIVE, FAILED TO ESTABLISH AND IMPLEMENT AN AML COMPLIANCE PROGRAM THAT WAS REASONABLY DESIGNED TO DETECT, INVESTIGATE, AND REPORT SUSPICIOUS ACTIVITY IN CUSTOMER ACCOUNTS. THE REPRESENTATIVE, AS THE FIRM'S AML COMPLIANCE



OFFICER (AMLCO), WAS RESPONSIBLE FOR MONITORING CUSTOMER ACCOUNT ACTIVITY TO ENSURE FOR THE DETECTION, INVESTIGATION, AND REPORTING, OF PATTERNS OF ACTIVITY THAT MIGHT BE INDICATIVE OF MONEY LAUNDERING. IN REGARDS TO MONITORING FOR POTENTIALLY SUSPICIOUS ACTIVITY, THE REPRESENTATIVE DELEGATED MUCH OF THAT RESPONSIBILITY TO BRANCH OFFICE MANAGERS, WHILE GIVING THEM LITTLE TRAINING BEYOND WHAT WAS CONTAINED IN THE FIRM'S WSPS. THE REPRESENTATIVE FAILED TO ADEQUATELY SUPERVISE THE BRANCH MANAGERS IN THEIR PERFORMANCE OF THAT RESPONSIBILITY. AS A RESULT OF THE FIRM'S INADEQUATE PROCEDURES, TRAINING AND SUPERVISION, THE FIRM AND THE REPRESENTATIVE FAILED TO DETECT AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY IN A TIMELIER MANNER.

Initiated By: FINRA

Date Initiated: 06/24/2014

Docket/Case Number: [2010025122401](#)

Principal Product Type: Other

Other Product Type(s): UNREGISTERED THINLY-TRADED LOW-PRICED STOCKS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/24/2014

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 \$108,343.00
Disgorgement/Restitution

Other Sanctions Ordered: REQUIRED TO PAY \$1,657, PLUS INTEREST, IN DISGORGEMENT OF COMMISSIONS

Sanction Details: SEE ABOVE -
FINE PAID IN FULL ON JULY 10, 2014.



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 SOLD, ON BEHALF OF CUSTOMERS, APPROXIMATELY 271 MILLION UNREGISTERED SHARES OF TWO THINLY-TRADED LOW-PRICED STOCKS WITHOUT FIRST CONFIRMING, THROUGH A SUFFICIENT INDEPENDENT INQUIRY, THAT THE SHARES COULD BE SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION. THE FINDINGS STATED THAT BECAUSE THE ISSUERS' SHARES WERE NOT COVERED BY A REGISTRATION STATEMENT, THE FIRM COULD NOT SELL THOSE SHARES WITHOUT HAVING CONFIRMED, THROUGH A REASONABLE INQUIRY, THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION. THE LETTERS AND DOCUMENTS PROVIDED BY THE SELLING CUSTOMERS IN RESPONSE TO THE FIRM'S INQUIRY WERE INADEQUATE TO ESTABLISH THAT THE SHARES WERE EXEMPT FROM REGISTRATION, AND THE FIRM DID NOT OBTAIN SUFFICIENT ADDITIONAL INFORMATION REGARDING THE CIRCUMSTANCES OF THE CUSTOMER'S ACQUISITION OF THE SHARES TO ENABLE THE FIRM TO PROPERLY ASSESS THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT ILLEGAL RE-SALES OF RESTRICTED SECURITIES. DURING THE RELEVANT PERIOD, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT ADEQUATELY ADDRESS RE-SALES OF RESTRICTED SECURITIES. THE WSPS DID NOT ADDRESS WHAT SPECIFIC INFORMATION AND/OR DOCUMENTS SHOULD BE OBTAINED, EITHER FROM THE CUSTOMER OR ANOTHER SOURCE, IN ORDER TO ASSESS THE AVAILABILITY OF AN EXEMPTION. IN ADDITION, THE FIRM FAILED TO PROVIDE ADEQUATE TRAINING TO THE DESIGNATED SUPERVISORS ON HOW TO ASSESS THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION. THE FINDINGS ALSO INCLUDED THAT DURING THE RELEVANT PERIOD, THE FIRM'S ANTI-MONEY LAUNDERING (AML) COMPLIANCE PROGRAM PROCEDURES PROVIDED, AMONG OTHER THINGS, THAT THE FIRM'S AML COMPLIANCE OFFICER (AMLCO) WAS RESPONSIBLE FOR MONITORING CUSTOMER ACCOUNT ACTIVITY TO ENSURE FOR THE DETECTION, INVESTIGATION, AND REPORTING, AS APPLICABLE, OF PATTERNS OF ACTIVITY THAT MIGHT BE INDICATIVE OF MONEY LAUNDERING. THE FIRM'S AML PROCEDURES LISTED SEVERAL EXAMPLES OF PATTERNS OF ACTIVITY THAT MAY BE INDICATIVE OF MONEY LAUNDERING ACTIVITY. A REGISTERED PRINCIPAL OF THE FIRM SERVED AS THE FIRM'S AMLCO. IN REGARDS TO MONITORING FOR POTENTIALLY SUSPICIOUS ACTIVITY, HE DELEGATED



MUCH OF THAT RESPONSIBILITY TO BRANCH OFFICE MANAGERS, WHILE GIVING THEM LITTLE TRAINING BEYOND WHAT WAS CONTAINED IN THE FIRM'S WSPS. THE PRINCIPAL ALSO FAILED TO ADEQUATELY SUPERVISE THE BRANCH MANAGERS IN THEIR PERFORMANCE OF THAT RESPONSIBILITY. HIS SUPERVISION PRIMARILY CONSISTED OF REQUIRING BRANCH MANAGERS TO REVIEW DAILY AML REPORTS DETAILING CERTAIN TRANSACTIONS IN CUSTOMER ACCOUNTS (INCLUDING SECURITIES RECEIVED, INCOMING AND OUTGOING WIRE TRANSFERS, CHECKS ISSUED, AND CHECKS RECEIVED) AND TO COMPLETE PERIODIC ATTESTATIONS CERTIFYING THAT THEY HAD REVIEWED FOR AND REPORTED TO THE AMLCO ALL POTENTIALLY SUSPICIOUS ACTIVITY. THEREFORE, AS A RESULT OF THE FIRM'S INADEQUATE PROCEDURES, TRAINING, AND SUPERVISION RELATING TO MONITORING OF ACCOUNTS FOR POTENTIALLY SUSPICIOUS ACTIVITY, THE FIRM AND THE PRINCIPAL FAILED TO DETECT AND INVESTIGATE THE POTENTIAL SUSPICIOUS ACTIVITY IN A TIMELIER MANNER.

Initiated By: FINRA

Date Initiated: 06/24/2014

Docket/Case Number: [2010025122401](#)

Principal Product Type: Other

Other Product Type(s): UNREGISTERED THINLY-TRADED LOW-PRICED STOCKS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/24/2014

Sanctions Ordered: Censure
Monetary/Fine \$108,343.00
Disgorgement/Restitution

Other Sanctions Ordered: REQUIRED TO PAY \$1,657, PLUS INTEREST, IN DISGORGEMENT OF COMMISSIONS

Sanction Details: SEE ABOVE

Disclosure 6 of 18

Reporting Source: Firm

Current Status: Final



Allegations: WHEREAS, WUNDERLICH FAILED TO REPORT THAT ADMINISTRATIVE ACTION WAS TAKEN AGAINST IT BY THE STATE OF NEW YORK IN NOVEMBER, 2009 WITHIN 30 DAYS AFTER THE FINAL DISPOSITION OF THAT MATTER, IN VIOLATION OF N.C.G.S. § 58-33-32(K); AND WHEREAS, WUNDERLICH FAILED TO REPORT THAT ADMINISTRATIVE ACTION WAS TAKEN AGAINST IT BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION IN MAY, 2011 WITHIN 30 DAYS AFTER THE FINAL DISPOSITION OF THAT MATTER, IN VIOLATION OF N.C.G.S. § 58-33-32(K); AND WHEREAS, WUNDERLICH FAILED TO REPORT THAT ADMINISTRATIVE ACTION WAS TAKEN AGAINST IT BY FINRA IN OCTOBER, 2012 WITHIN 30 DAYS AFTER THE FINAL DISPOSITION OF THAT MATTER, IN VIOLATION OF N.C.G.S. § 58-33-32(K); AND WHEREAS, WUNDERLICH FAILED TO REPORT THAT ADMINISTRATIVE ACTION WAS TAKEN AGAINST IT BY THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (HEREINAFTER "FINRA") IN OCTOBER, 2011 WITHIN 30 DAYS AFTER THE FINAL DISPOSITION OF THAT MATTER, IN VIOLATION OF N.C.G.S. § 58-33-32(K); AND . , WHEREAS, WUNDERLICH'S VIOLATIONS OF N.C.G.S. § 58-33-32(K) ARE VIOLATIONS OF AN INSURANCE LAW OF THIS STATE FOR WHICH WUNDERLICH'S LICENSE COULD BE REVOKED PURSUANT TO N.C.G.S. § 58-33-46(A)(2); AND

Initiated By: STATE OF NORTH CAROLINA

Date Initiated: 12/13/2013

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/13/2013

Sanctions Ordered: Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

Sanction Details: WUNDERLICH PAID A CIVIL PENALTY OF \$1,000.00 TO THE DEPARTMENT.

Disclosure 7 of 18

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT FAILED TO DISCLOSE THAT IT WAS CENSURED, FINED IN THE AMOUNT OF \$125,000.00 AND ORDERED TO CEASE AND DESIST FROM COMMITTING CERTAIN VIOLATIONS AND TO PAY DISGORGEMENT IN THE AMOUNT OF \$369,336.15 AND PREJUDGMENT INTEREST IN THE AMOUNT OF \$38,288.54 BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON OR ABOUT MAY 27, 2011; (B) RESPONDENT PROVIDED MATERIALLY INCORRECT AND UNTRUE INFORMATION WITHIN THE MEANING OF SECTION 211 O(A)(2) OF THE INSURANCE LAW IN ITS RENEWAL APPLICATION FOR AN AGENT'S LICENSE UNDER SECTION 2103(A) OF THE INSURANCE LAW, PROCESSED APRIL 30, 2009, IN THAT RESPONDENT FAILED TO DISCLOSE THAT IT WAS NAMED AS A PARTY IN AN ARBITRATION PROCEEDING THAT WAS INITIATED BEFORE THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ON OR ABOUT APRIL 2, 2008 AND THAT INVOLVED ALLEGATIONS OF FRAUD, NEGLIGENT MISREPRESENTATION AND BREACH OF FIDUCIARY DUTY; AND (C) RESPONDENT VIOLATED SECTION 211 O(I) OF THE INSURANCE LAW IN THAT IT FAILED TO REPORT TO THE SUPERINTENDENT WITHIN 30 DAYS OF THE FINAL DISPOSITION OF THE MATTER THAT (I) THE ILLINOIS SECRETARY OF STATE, SECURITIES DEPARTMENT, ON OR ABOUT JULY 26, 2007, CENSURED RESPONDENT AND ORDERED THAT RESPONDENT PAY \$5,000.00 FOR CERTAIN COSTS TO THE ILLINOIS SECRETARY OF STATE, AUDIT AND ENFORCEMENT FUND, AND PAY \$5,000.00 TO THE ILLINOIS SECRETARY OF STATE, INVESTOR EDUCATION FUND, AND (II) THE DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES AND BANKING, ON OR ABOUT JULY 20, 2005, ORDERED THAT RESPONDENT UNDERTAKE CERTAIN SUPERVISION OF A CERTAIN AGENT FOR A PERIOD OF 2 YEARS.

Initiated By: NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

Date Initiated: 04/16/2013

Docket/Case Number: 2013-0054-S

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:	Stipulation and Consent
Resolution Date:	04/16/2013
Sanctions Ordered:	Monetary/Fine \$10,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	RESPONDENT HEREBY WAIVES ITS RIGHT TO NOTICE AND A HEARING ON SAID CHARGES AND AGREES, IN LIEU OF ANY OTHER DISCIPLINARY ACTION WHICH MIGHT BE TAKEN BY THE DEPARTMENT IN CONSEQUENCE OF THE FOREGOING, TO THE IMPOSITION OF A PENALTY IN THE SUM OF TEN THOUSAND DOLLARS (\$10,000.00), RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED.

Disclosure 8 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	FINRA RULES 6730(B)(1), 6730(C)(6) - WUNDERLICH SECURITIES, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT.
Initiated By:	FINRA
Date Initiated:	11/13/2012
Docket/Case Number:	2011028000501
Principal Product Type:	Other
Other Product Type(s):	TRACE-ELIGIBLE SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/13/2012

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 \$7,500.00

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 \$7,500. FINE PAID IN FULL ON 12/3/12.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULES 6730(B)(1), 6730(C)(6) - WUNDERLICH SECURITIES, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT.

Initiated By: FINRA

Date Initiated: 11/13/2012

Docket/Case Number: 2011028000501

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/13/2012



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

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 \$7,500.

Disclosure 9 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 2010, 6730(A), 6730(C), 6730(D), MSRB RULES G-8, G-14, G-15, G-27 - WUNDERLICH SECURITIES, INC. FAILED TO ACCURATELY DISCLOSE INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS); THE FIRM FAILED TO ACCURATELY DISCLOSE THE YIELD-TO-WORST TO CUSTOMERS ON TRADE CONFIRMATIONS OR THE CORRECT LOWEST YIELD TO CUSTOMERS. THE FIRM FAILED TO REPORT THE CORRECT YIELD TO THE RTRS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING MSRB RULE G-15. THE FIRM FAILED TO REPORT THE CORRECT TRADE TIME TO THE RTRS IN MUNICIPAL SECURITIES TRANSACTIONS, FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL, AND FAILED TO RECORD THE CORRECT TRADE TIME ON TRADE MEMORANDUM. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO ACCURATELY REPORT TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE: THE FIRM FAILED TO ACCURATELY REPORT TO TRACE THE DATE OF EXECUTION AND THE ACCURATE EXECUTION TIME IN SOME INSTANCES, AND FAILED TO REPORT TO TRACE THE ACCURATE MARKET IDENTIFIER FOR ONE TRANSACTION.

Initiated By: FINRA

Date Initiated: 10/19/2012

Docket/Case Number: [2009019386901](#)



Principal Product Type: Debt - Municipal

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/19/2012

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 \$36,500.00

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 AND FINED \$36,500, OF WHICH \$24,000 PERTAINS TO MSRB RULE VIOLATIONS, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MSRB RULE G-15 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL ON 11/6/2012.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULES 2010, 6730(A), 6730(C), 6730(D), MSRB RULES G-8, G-14, G-15, G-27 - WUNDERLICH SECURITIES, INC. FAILED TO ACCURATELY DISCLOSE INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS); THE FIRM FAILED TO ACCURATELY DISCLOSE THE YIELD-TO-WORST TO CUSTOMERS ON TRADE CONFIRMATIONS OR THE CORRECT LOWEST YIELD TO CUSTOMERS. THE FIRM FAILED TO REPORT THE CORRECT YIELD TO THE RTRS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING MSRB RULE G-15. THE



FIRM FAILED TO REPORT THE CORRECT TRADE TIME TO THE RTRS IN MUNICIPAL SECURITIES TRANSACTIONS, FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL, AND FAILED TO RECORD THE CORRECT TRADE TIME ON TRADE MEMORANDUM. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO ACCURATELY REPORT TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE: THE FIRM FAILED TO ACCURATELY REPORT TO TRACE THE DATE OF EXECUTION AND THE ACCURATE EXECUTION TIME IN SOME INSTANCES, AND FAILED TO REPORT TO TRACE THE ACCURATE MARKET IDENTIFIER FOR ONE TRANSACTION.

Initiated By: FINRA

Date Initiated: 10/19/2012

Docket/Case Number: [2009019386901](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/19/2012

Sanctions Ordered: Censure
Monetary/Fine \$36,500.00

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 AND FINED \$36,500, OF WHICH \$24,000 PERTAINS TO MSRB RULE VIOLATIONS, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MSRB RULE G-15 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.



Disclosure 10 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULES 2110, 2210, 2711(H), 2711(I), 3010(A), INTERPRETATIVE MATERIAL (IM)2210-1(6)(A) - WUNDERLICH SECURITIES, INC. FAILED TO SUPERVISE THE PERSONAL TRADING OF ITS RESEARCH ANALYSTS WHO MAINTAINED DISCRETIONARY ACCOUNTS AT OTHER FIRMS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES MANDATED COMPLIANCE DEPARTMENT REVIEW OF PERSONAL TRADING OF RESEARCH ANALYSTS BUT AS A MATTER OF POLICY, THE FIRM DID NOT REQUIRE COMPLIANCE REVIEW OF ANALYST ACCOUNTS OVER WHICH DISCRETIONARY TRADING AUTHORITY HAD BEEN GRANTED TO A THIRD PARTY MANAGER OR ADVISOR. AS A RESULT OF THAT POLICY, THE FIRM DID NOT REVIEW THE PERSONAL TRADING OF TWO ANALYSTS WHO HELD DISCRETIONARY ACCOUNTS AT OTHER FIRMS. THE FIRM ISSUED EQUITY RESEARCH REPORTS THAT FAILED TO COMPLY WITH NASD RULE 2711(H) DISCLOSURE REQUIREMENTS: IN SOME RESEARCH REPORTS IN WHICH IT DISCLOSED THAT IT HAD SERVED AS MANAGER OR CO-MANAGER OF A PUBLIC OFFERING OF SECURITIES FOR THE SUBJECT COMPANY IN THE PRECEDING 12 MONTHS, IT FAILED TO DISCLOSE ALSO THAT IT HAD RECEIVED COMPENSATION FROM THE COMPANY FOR INVESTMENT-BANKING SERVICES IN CONNECTION WITH THE OFFERING; ONE RESEARCH REPORT FAILED TO DISCLOSE THAT THE FIRM HAD SERVED AS MANAGER OR CO-MANAGER OF A PUBLIC OFFERING FOR THE COMPANY IN THE PRECEDING 12 MONTHS; RESEARCH REPORTS FAILED TO DISCLOSE THAT THE FIRM WAS A MARKET MAKER IN THE SUBJECT COMPANY'S SECURITIES AT THE TIME THE REPORT WAS PUBLISHED; SOME RESEARCH REPORTS WERE ISSUED WITH INDEFINITE DISCLOSURE REGARDING FINANCIAL INTERESTS HELD IN THE SECURITIES OF THE SUBJECT COMPANY; AND SOME RESEARCH REPORTS WERE ISSUED WITH DISCLOSURES NOT PROMINENTLY PRESENTED. IN CONNECTION WITH TWO PUBLIC APPEARANCES BY FIRM RESEARCH DEPARTMENT PERSONNEL, THE FIRM FAILED TO DISCLOSE ITS RECEIPT OF COMPENSATION FROM THE SUBJECT COMPANY IN THE PRECEDING 12 MONTHS. THE FIRM MAINTAINED ON ITS COMPANY WEBSITE A LIST OF ALL COMPANIES COVERED BY ITS RESEARCH ANALYSTS AND FOR EACH COMPANY LISTED, THE FIRM PROVIDED ITS CURRENT RATING AND PRICE TARGET FOR THE COMPANY'S STOCK BUT FAILED TO INCLUDE THE DISCLOSURES MANDATED BY NASD RULE 2210(D) AND IM 2210-1(6)(A) WITH RESPECT TO POTENTIAL CONFLICTS OF INTEREST.

Initiated By: FINRA

Date Initiated: 10/25/2011



Docket/Case Number: [2010020967601](#)

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: 10/25/2011

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

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

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 \$50,000. FINE PAID IN FULL ON 11/04/2011.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULES 2110, 2210, 2711(H), 2711(I), 3010(A), INTERPRETATIVE MATERIAL (IM)2210-1(6)(A) - WUNDERLICH SECURITIES, INC. FAILED TO SUPERVISE THE PERSONAL TRADING OF ITS RESEARCH ANALYSTS WHO MAINTAINED DISCRETIONARY ACCOUNTS AT OTHER FIRMS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES MANDATED COMPLIANCE DEPARTMENT REVIEW OF PERSONAL TRADING OF RESEARCH ANALYSTS BUT AS A MATTER OF POLICY, THE FIRM DID NOT REQUIRE COMPLIANCE REVIEW OF ANALYST ACCOUNTS OVER WHICH DISCRETIONARY TRADING AUTHORITY HAD BEEN GRANTED TO A THIRD PARTY MANAGER OR ADVISOR. AS A RESULT OF THAT POLICY, THE FIRM DID NOT REVIEW THE PERSONAL TRADING OF TWO ANALYSTS WHO HELD DISCRETIONARY ACCOUNTS AT OTHER FIRMS. THE FIRM ISSUED EQUITY



RESEARCH REPORTS THAT FAILED TO COMPLY WITH NASD RULE 2711(H) DISCLOSURE REQUIREMENTS: IN SOME RESEARCH REPORTS IN WHICH IT DISCLOSED THAT IT HAD SERVED AS MANAGER OR CO-MANAGER OF A PUBLIC OFFERING OF SECURITIES FOR THE SUBJECT COMPANY IN THE PRECEDING 12 MONTHS, IT FAILED TO DISCLOSE ALSO THAT IT HAD RECEIVED COMPENSATION FROM THE COMPANY FOR INVESTMENT-BANKING SERVICES IN CONNECTION WITH THE OFFERING; ONE RESEARCH REPORT FAILED TO DISCLOSE THAT THE FIRM HAD SERVED AS MANAGER OR CO-MANAGER OF A PUBLIC OFFERING FOR THE COMPANY IN THE PRECEDING 12 MONTHS; RESEARCH REPORTS FAILED TO DISCLOSE THAT THE FIRM WAS A MARKET MAKER IN THE SUBJECT COMPANY'S SECURITIES AT THE TIME THE REPORT WAS PUBLISHED; SOME RESEARCH REPORTS WERE ISSUED WITH INDEFINITE DISCLOSURE REGARDING FINANCIAL INTERESTS HELD IN THE SECURITIES OF THE SUBJECT COMPANY; AND SOME RESEARCH REPORTS WERE ISSUED WITH DISCLOSURES NOT PROMINENTLY PRESENTED. IN CONNECTION WITH TWO PUBLIC APPEARANCES BY FIRM RESEARCH DEPARTMENT PERSONNEL, THE FIRM FAILED TO DISCLOSE ITS RECEIPT OF COMPENSATION FROM THE SUBJECT COMPANY IN THE PRECEDING 12 MONTHS. THE FIRM MAINTAINED ON ITS COMPANY WEBSITE A LIST OF ALL COMPANIES COVERED BY ITS RESEARCH ANALYSTS AND FOR EACH COMPANY LISTED, THE FIRM PROVIDED ITS CURRENT RATING AND PRICE TARGET FOR THE COMPANY'S STOCK BUT FAILED TO INCLUDE THE DISCLOSURES MANDATED BY NASD RULE 2210(D) AND IM 2210-1(6)(A) WITH RESPECT TO POTENTIAL CONFLICTS OF INTEREST.

Initiated By: FINRA

Date Initiated: 10/25/2011

Docket/Case Number: [2010020967601](#)

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: 10/25/2011

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

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 \$50,000.

Disclosure 11 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-64558; IA RELEASE 3211, MAY 27, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST WUNDERLICH SECURITIES, INC. ("WSI" OR "RESPONDENT").

THE COMMISSION FOUND THAT:

WSI FOUNDED ITS BROKERAGE OPERATIONS IN OR ABOUT 1996 AND LATER MAINTAINED STATE INVESTMENT ADVISER REGISTRATIONS. EFFECTIVE FEBRUARY 2007, WSI REGISTERED WITH THE COMMISSION AS AN INVESTMENT ADVISER. IN ITS FORM ADV FILED AS OF APRIL 2011, WSI REPORTED APPROXIMATELY \$469 MILLION IN ADVISORY CLIENT ASSETS UNDER MANAGEMENT HELD IN 1,136 DISCRETIONARY ACCOUNTS AND 1,140 NON-DISCRETIONARY ACCOUNTS.

WSI WILLFULLY VIOLATED SEVERAL ANTIFRAUD AND COMPLIANCE PROVISIONS OF THE ADVISERS ACT AND THE RULES THEREUNDER.

FROM AT LEAST 2007 THROUGH 2009, WSI: OVERCHARGED ADVISORY CLIENTS FOR COMMISSIONS AND OTHER TRANSACTIONAL FEES IN VIOLATION OF SECTION 206(2) OF THE ADVISERS ACT; FAILED TO SATISFY THE DISCLOSURE AND CONSENT REQUIREMENTS OF SECTION 206(3) OF THE ADVISERS ACT WHEN WSI ENGAGED IN PRINCIPAL TRADES WITH ADVISORY CLIENTS; FAILED TO ADOPT, IMPLEMENT AND REVIEW WRITTEN POLICIES AND PROCEDURES AS REQUIRED BY SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER; AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A WRITTEN CODE OF ETHICS AS REQUIRED BY SECTION 204A OF THE ADVISERS ACT AND RULE 204A-1 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/27/2011



Docket/Case Number: 3-14403

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/27/2011

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

Sanctions Ordered: Censure
Monetary/Fine \$125,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: PREJUDGMENT INTEREST; UNDERTAKING

1. WSI SHALL RETAIN THE SERVICES OF AN INDEPENDENT COMPLIANCE CONSULTANT ("INDEPENDENT CONSULTANT") THAT IS NOT UNACCEPTABLE TO THE COMMISSION'S STAFF. THE INDEPENDENT CONSULTANT'S COMPENSATION AND EXPENSES SHALL BE BORNE EXCLUSIVELY BY WSI.
2. WSI SHALL REQUIRE THAT THE INDEPENDENT CONSULTANT CONDUCT PERIODIC COMPREHENSIVE REVIEWS OF WSI'S SUPERVISORY, COMPLIANCE, AND OTHER POLICIES AND PROCEDURES REASONABLY DESIGNED TO DETECT AND PREVENT BREACHES OF FIDUCIARY DUTY AND FEDERAL SECURITIES LAW VIOLATIONS BY WSI AND ITS EMPLOYEES ("REVIEWS").
3. DURING THE THREE YEAR PERIOD BEGINNING ON THE DATE OF ENTRY OF THE ORDER, WSI SHALL REQUIRE THE INDEPENDENT CONSULTANT TO CONDUCT ITS REVIEWS AT LEAST QUARTERLY FOR THE FIRST YEAR OF REVIEW AND AT LEAST TWICE PER YEAR FOR EACH OF THE SECOND AND THIRD YEARS OF REVIEW.



4. WSI SHALL PROVIDE TO THE COMMISSION'S STAFF, WITHIN THIRTY DAYS OF RETAINING THE INDEPENDENT CONSULTANT, A COPY OF AN ENGAGEMENT LETTER DETAILING THE INDEPENDENT CONSULTANT'S RESPONSIBILITIES.

5. WSI SHALL REQUIRE THAT, WITHIN FORTY-FIVE DAYS OF THE END OF THE APPLICABLE QUARTERLY OR SEMI-ANNUAL REVIEW PERIOD, THE INDEPENDENT CONSULTANT SHALL SUBMIT A WRITTEN AND DATED REPORT OF ITS FINDINGS TO WSI AND TO THE COMMISSION'S STAFF ("REPORT").

6. WSI SHALL ADOPT ALL RECOMMENDATIONS CONTAINED IN EACH REPORT WITHIN SIXTY DAYS OF THE APPLICABLE REPORT; PROVIDED, HOWEVER, THAT WITHIN FORTY-FIVE DAYS AFTER THE DATE OF THE APPLICABLE REPORT, WSI SHALL IN WRITING ADVISE THE INDEPENDENT CONSULTANT AND THE COMMISSION'S STAFF OF ANY RECOMMENDATIONS THAT WSI CONSIDERS TO BE UNDULY BURDENSOME, IMPRACTICAL, OR INAPPROPRIATE. [UNDERTAKINGS CONTINUED IN COMMENTS]

Sanction Details:

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER RESPONDENT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND CEASE-AND-DESIST ORDERS ("ORDER").

THE COMMISSION FOUND THAT WSI WILLFULLY VIOLATED SECTIONS 204A, 206(2), 206(3) AND 206(4) OF THE ADVISERS ACT AND RULES 204A-1 AND 206(4)-7 THEREUNDER.

THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT WSI'S OFFER.

PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT AND SECTIONS 203(E) AND 203(K) OF THE ADVISERS ACT, THE COMMISSION ORDERED THAT:

A. WSI CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 204A, 206(2), 206(3) AND 206(4) OF THE ADVISERS ACT AND RULES 204A-1 AND 206(4)-7 THEREUNDER.

B. WSI IS CENSURED.

C. WSI SHALL PAY DISGORGEMENT OF \$369,336.15 AND PREJUDGMENT INTEREST OF \$38,288.54.

D. WSI SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$125,000 TO THE UNITED STATES TREASURY.

E. WSI SHALL COMPLY WITH ENUMERATED UNDERTAKINGS.

[UNDERTAKINGS CONTINUED]

7. AS TO ANY RECOMMENDATION WITH RESPECT TO WSI'S POLICIES AND PROCEDURES ON WHICH WSI AND THE INDEPENDENT CONSULTANT DO NOT AGREE, WSI AND THE INDEPENDENT CONSULTANT SHALL ATTEMPT IN GOOD FAITH TO REACH AN AGREEMENT WITHIN SIXTY DAYS AFTER THE DATE OF THE APPLICABLE REPORT. WSI SHALL ABIDE BY THE DETERMINATIONS OF THE INDEPENDENT CONSULTANT AND, WITHIN SIXTY DAYS AFTER FINAL AGREEMENT BETWEEN WSI AND THE INDEPENDENT CONSULTANT OR FINAL DETERMINATION BY THE INDEPENDENT CONSULTANT, WHICHEVER OCCURS FIRST, WSI SHALL ADOPT AND IMPLEMENT ALL OF THE RECOMMENDATIONS THAT THE INDEPENDENT CONSULTANT DEEMS APPROPRIATE.

8. WITHIN NINETY DAYS OF WSI'S ADOPTION OF ALL OF THE RECOMMENDATIONS IN A REPORT THAT THE INDEPENDENT CONSULTANT DEEMS APPROPRIATE, AS DETERMINED PURSUANT TO THE PROCEDURES SET FORTH, WSI SHALL CERTIFY IN WRITING TO THE INDEPENDENT CONSULTANT AND THE COMMISSION'S STAFF THAT WSI HAS ADOPTED AND IMPLEMENTED ALL OF THE INDEPENDENT CONSULTANT'S RECOMMENDATIONS IN THE APPLICABLE REPORT.

9. WSI SHALL COOPERATE FULLY WITH THE INDEPENDENT CONSULTANT AND SHALL PROVIDE THE INDEPENDENT CONSULTANT WITH ACCESS TO SUCH OF ITS FILES, BOOKS, RECORDS AND PERSONNEL AS ARE REASONABLY REQUESTED BY THE INDEPENDENT CONSULTANT FOR REVIEW.

10. TO ENSURE THE INDEPENDENCE OF THE INDEPENDENT CONSULTANT, WSI: (A) SHALL NOT HAVE THE AUTHORITY TO TERMINATE THE INDEPENDENT CONSULTANT OR SUBSTITUTE ANOTHER INDEPENDENT COMPLIANCE CONSULTANT FOR THE INITIAL INDEPENDENT CONSULTANT,

Regulator Statement



WITHOUT THE PRIOR WRITTEN APPROVAL OF THE COMMISSION'S STAFF;
AND (B) SHALL COMPENSATE THE INDEPENDENT CONSULTANT AND
PERSONS ENGAGED TO ASSIST THE INDEPENDENT CONSULTANT FOR
SERVICES RENDERED PURSUANT TO THE ORDER AT THEIR REASONABLE
AND CUSTOMARY RATES.

11. WSI SHALL REQUIRE THE INDEPENDENT CONSULTANT TO ENTER INTO AN AGREEMENT THAT PROVIDES THAT FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE INDEPENDENT CONSULTANT SHALL NOT ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH WSI, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY AS SUCH.

12. WSI SHALL PRESERVE FOR A PERIOD OF NOT LESS THAN SIX YEARS FROM THE END OF THE FISCAL YEAR LAST USED, THE FIRST TWO YEARS IN AN EASILY ACCESSIBLE PLACE, ANY RECORD OF WSI'S COMPLIANCE WITH THE UNDERTAKINGS SET FORTH IN THE ORDER.

13. WITHIN TEN DAYS OF THE ENTRY OF THE ORDER, WSI SHALL POST PROMINENTLY ON ITS PRINCIPAL WEBSITE A SUMMARY OF THE ORDER IN A FORM AND LOCATION ACCEPTABLE TO THE COMMISSION'S STAFF, WITH A HYPERLINK TO THE ENTIRE ORDER. WSI SHALL MAINTAIN THE POSTING AND HYPERLINK ON WSI'S WEBSITE FOR A PERIOD OF TWELVE MONTHS FROM THE ENTRY OF THE ORDER. WITHIN THIRTY DAYS OF THE ENTRY OF THE ORDER, WSI SHALL PROVIDE A COPY OF THE ORDER TO EACH OF WSI'S EXISTING ADVISORY CLIENTS AS OF THE ENTRY OF THE ORDER VIA MAIL, E-MAIL, OR SUCH OTHER METHOD AS MAY BE ACCEPTABLE TO THE COMMISSION'S STAFF, TOGETHER WITH A COVER LETTER IN A FORM NOT UNACCEPTABLE TO THE COMMISSION'S STAFF. FURTHERMORE, FOR A PERIOD OF TWELVE MONTHS FROM THE ENTRY OF THE ORDER, WSI SHALL ALSO PROVIDE A COPY OF THE ORDER TO SUCH CLIENT AND/OR PROSPECTIVE CLIENT AT THE SAME TIME THAT WSI DELIVERS THE BROCHURE.

14. FOR GOOD CAUSE SHOWN, THE COMMISSION'S STAFF MAY EXTEND ANY OF THE PROCEDURAL DATES RELATING TO THE UNDERTAKINGS.

15. RESPONDENT SHALL CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKINGS SET FORTH. THE CERTIFICATION SHALL IDENTIFY THE UNDERTAKINGS, PROVIDE WRITTEN EVIDENCE OF COMPLIANCE IN THE FORM OF A NARRATIVE, AND BE SUPPORTED BY EXHIBITS SUFFICIENT TO DEMONSTRATE COMPLIANCE.



Reporting Source: Firm

Current Status: Final

Allegations: THE SEC ALLEGED THAT FROM 2007 THROUGH 2009, WUNDERLICH: OVERCHARGED ADVISORY CLIENTS FOR COMMISSIONS AND OTHER TRANSACTIONAL FEES IN VIOLATION OF SECTION 206(2) OF THE ADVISERS ACT; FAILED TO SATISFY THE WRITTEN DISCLOSURE AND WRITTEN CONSENT REQUIREMENTS OF SECTION 206(3) OF THE ADVISERS ACT WHEN WSI ENGAGED IN PRINCIPAL TRADES WITH ADVISORY CLIENTS; FAILED TO ADOPT, IMPLEMENT AND REVIEW WRITTEN POLICIES AND PROCEDURES AS REQUIRED BY SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER; AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A WRITTEN CODE OF ETHICS AS REQUIRED BY SECTION 204A OF THE ADVISERS ACT AND RULE 204A-1 THEREUNDER. THE SEC FURTHER ALLEGED THAT TRACY WISWALL WAS A CAUSE OF WSI'S VIOLATIONS RELATING TO THE FIRM'S PRINCIPAL TRADES WITH ADVISORY CLIENTS AND THAT GARY WUNDERLICH AND WISWALL AIDED AND ABETTED WUNDERLICH'S VIOLATIONS RELATING TO ITS WRITTEN POLICIES AND PROCEDURES AND WRITTEN CODE OF ETHICS.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/27/2011

Docket/Case Number: 3-14403

Principal Product Type: Other

Other Product Type(s): VARIOUS PRODUCT TYPES (STOCKS, BONDS, ETC.) AS WELL AS INVESTMENT ADVISORY FEES.

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

Other Sanction(s)/Relief Sought: CIVIL PENALTIES, CENSURE, DISGORGEMENT AND UNDERTAKINGS

Resolution: Order

Resolution Date: 05/27/2011

Sanctions Ordered: Censure
Monetary/Fine \$220,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: WUNDERLICH HAS AGREED TO DISGORGE THE MARKUP AND



COMMISSION AMOUNTS ASSOCIATED WITH THE IMPROPERLY MANAGED PRINCIPAL TRANSACTIONS TO THE AFFECTED PARTIES - \$369,336.15. WUNDERLICH AGREED TO A CENSURE AND A FINE OF \$125,000. WUNDERLICH'S CEO, GARY WUNDERLICH, AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS, TO A CENSURE AND A FINE OF \$45,000. WUNDERLICH'S CCO, TRACY WISWALL, AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS, TO A CENSURE AND A FINE OF \$50,000.

Sanction Details:

WUNDERLICH HAS AGREED TO DISGORGE THE MARKUP AND COMMISSION AMOUNTS ASSOCIATED WITH THE IMPROPERLY MANAGED PRINCIPAL TRANSACTIONS TO THE AFFECTED PARTIES - \$369,336.15. WUNDERLICH AGREED TO A CENSURE AND A FINE OF \$125,000. WUNDERLICH'S CEO, GARY WUNDERLICH, AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS, TO A CENSURE AND A FINE OF \$45,000. WUNDERLICH'S CCO, TRACY WISWALL, AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS, TO A CENSURE AND A FINE OF \$50,000.

Firm Statement

ON MAY 27, 2011, IN ACCORDANCE WITH AN OFFER OF SETTLEMENT MADE BY WUNDERLICH, THE SEC ENTERED AN ORDER FINDING THAT SINCE AT LEAST 2007 THROUGH 2009, WUNDERLICH COLLECTED UNDISCLOSED COMMISSIONS, TRANSACTION CHARGES AND EXPENSES FROM ITS WRAP FEE CLIENTS; FAILED TO PROVIDE THE REQUIRED WRITTEN DISCLOSURE AND OBTAIN THE REQUIRED CONSENT ON AT LEAST 3,000 PRINCIPAL TRADES; AND FAILED TO ADOPT, MAINTAIN AND ENFORCE A WRITTEN COMPLIANCE MANUAL AND CODE OF ETHICS. WUNDERLICH VOLUNTARILY REIMBURSED ITS WRAP FEE CLIENTS ALL OF THE EXCESS COMMISSIONS AND CHARGES - \$120,835. WUNDERLICH ALSO VOLUNTARILY REIMBURSED THE ASSET MANAGEMENT FEES ASSOCIATED WITH THOSE OVERCHARGED TRANSACTIONS - \$47,418. IN ADDITION, PURSUANT TO THE ORDER, WUNDERLICH HAS AGREED TO DISGORGE THE MARKUP AND COMMISSION AMOUNTS ASSOCIATED WITH THE IMPROPERLY MANAGED PRINCIPAL TRANSACTIONS TO THE AFFECTED PARTIES - \$369,336.15. WUNDERLICH HAS ALSO UPDATED ITS COMPLIANCE MANUAL AND CODE OF ETHICS. FOR THESE VIOLATIONS, WUNDERLICH, WUNDERLICH'S CEO, GARY WUNDERLICH AND WUNDERLICH'S CCO, TRACY WISWALL, AGREED TO CEASE AND DESIST ORDERS, CENSURES, UNDERTAKINGS AND FINES OF \$125,000., \$45,000, AND \$50,000, RESPECTIVELY.

Disclosure 12 of 18

Reporting Source:	Firm
Current Status:	Final
Allegations:	FAILURE TO COMPLY WITH A PROVISION OF A SUPERVISION AGREEMENT



WITH THE STATE OF ILLINOIS.

Initiated By: ILLINOIS SECRETARY OF STATE- SECURITIES DIVISION

Date Initiated: 07/26/2007

Docket/Case Number: 0500528

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 07/27/2007

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

Other Sanctions Ordered:

Sanction Details: APPLICANT PAYS FULL \$10,000.00 FINE UPON RECEIPT OF EXECUTED ORDER.

Firm Statement WUNDERLICH FAILED TO COMPLY WITH THE SUPERVISION AGREEMENT IN THAT IT FAILED TO TIMELY FILE THE FIRST SEMI-ANNUAL STATEMENT WITH THE SECURITIES DIVISION, WHICH DETAILED THE TRANSACTIONS WHICH WERE REVIEWED.

Disclosure 13 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: AGENT HOWARD BROUS, IS AFFILIATED WITH WUNDERLICH SECURITIES, INC. WHEREAS, THE DISTRICT OF COLUMBIA REQUIRES THAT EVERY BROKER-DEALER EXERCISE DILIGENT SUPERVISION OVER THE SECURITIES ACTIVITIES OF ALL OF ITS AGENTS, PURSUANT TO D C. OFFICIAL CODE 31-5602.07(A)(12); WHEREAS, THE AGENT HAS A DISCIPLINARY HISTORY, AS REFLECTED ON THE CRD, THAT CAUSES THE DEPARTMENT, IN THE PUBLIC INTEREST, TO REQUIRE THAT THE BROKER-DEALER AUGMENT ITS SUPERVISION OF THE AGENT.

Initiated By: DISTRICT OF COLUMBIA

Date Initiated: 07/20/2005



Docket/Case Number: SB-05-03

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT AGREEMENT AND ORDER

Resolution: Order

Resolution Date: 07/20/2005

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:

Other Sanctions Ordered: WHEREAS, WUNDERLICH SECURITIES, INC., A REGISTERED BROKER-DEALER FIRM IN THE DISTRICT OF COLUMBIA AGREES AND UNDERTAKES THAT IT WILL SUPERVISEE THE ACTIVITIES OF THE AGENT AS PROVIDED BELOW FOR A PERIOD OF NOT LESS THAN TWO (2) YEARS FROM THE DATE OF THIS AGREEMENT.

Sanction Details: IN THE EVENT THAT EITHER THE AGENT OR THE BROKER-DEALER VIOLATES ANY TERM OF THIS ORDER', THE COMMISSIONER OF THE DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING MAY INSTITUTE AN ACTION TO BAR OR SUSPEND THE REGISTRATION OF THE AGENT, THE BROKER-DEALER, OR BOTH, BASED ON SUCH VIOLATION.

Reporting Source: Firm

Current Status: Final

Allegations: AGENT HOWARD BROUS, IS AFFILIATED WITH WUNDERLICH SECURITIES, INC. WHEREAS, THE DISTRICT OF COLUMBIA REQUIRES THAT EVERY BROKER-DEALER EXERCISE DILIGENT SUPERVISION OVER THE SECURITIES ACTIVITIES OF ALL OF ITS AGENTS, PURSUANT TO D C. OFFICIAL CODE 31-5602.07(A)(12); WHEREAS, THE AGENT HAS A DISCIPLINARY HISTORY, AS REFLECTED ON THE CRD, THAT CAUSES THE DEPARTMENT, IN THE PUBLIC INTEREST, TO REQUIRE THAT THE BROKER-



DEALER AUGMENT ITS SUPERVISION OF THE AGENT.

Initiated By: DISTRICT OF COLUMBIA

Date Initiated: 07/20/2005

Docket/Case Number: SB-05-03

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT AGREEMENT AND ORDER

Resolution: Order

Resolution Date: 07/20/2005

Sanctions Ordered:

Other Sanctions Ordered: WHEREAS, WUNDERLICH SECURITIES, INC., A REGISTERED BROKER-DEALER FIRM IN THE DISTRICT OF COLUMBIA AGREES AND UNDERTAKES THAT IT WILL SUPERVISEE THE ACTIVITIES OF THE AGENT AS PROVIDED BELOW FOR A PERIOD OF NOT LESS THAN TWO (2) YEARS FROM THE DATE OF THIS AGREEMENT

Sanction Details: IN THE EVENT THAT EITHER THE AGENT OR THE BROKER-DEALER VIOLATES ANY TERM OF THIS ORDER', THE COMMISSIONER OF THE DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING MAY INSTITUTE AN ACTION TO BAR OR SUSPEND THE REGISTRATION OF THE AGENT, THE BROKER-DEALER, OR BOTH, BASED ON SUCH VIOLATION.

Disclosure 14 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: SECTIONS 17(A) AND 10(B) OF THE EXCHANGE ACT AND SEC RULES 17A-3 AND 10B-10 THEREUNDER, 17(A) OF THE EXCHANGE ACT AND RULE 17A-4 THEREUNDER, NASD RULES 2110, IM-2110-4, 2230, 2711(I)(8), 3010, 3110 - RESPONDENT MEMBER WUNDERLICH SECURITIES, INC. ACTING THROUGH AN INDIVIDUAL, UNLAWFULLY SHARED UNPUBLISHED RESEARCH AND RATING BY SELECTIVELY GIVING ADVANCE NOTICE OF HIS UNPUBLISHED RATING ON TALK AND COPIES OF HIS TALK RESEARCH REPORT TO CERTAIN INSTITUTIONAL CUSTOMERS PRIOR TO RELEASE OF THE REPORT TO THE PUBLIC; ACTING THROUGH AN INDIVIDUAL TRADED



AHEAD OF A RESEARCH REPORT BY PURPOSELY ESTABLISHING A SHORT POSITION IN TALK IN THE FIRM'S INVENTORY ACCOUNT IN ANTICIPATION OF THE ISSUANCE OF THE TALK RESEARCH REPORT; THROUGH AN INDIVIDUAL FAILED TO DISCLOSE MARKET MAKING IN RESEARCH REPORTS; FAILED TO PROVIDE, AT OR BEFORE THE COMPLETION OF THE TRANSACTION, WRITTEN DISCLOSURE TO CUSTOMERS THAT THE FIRM WAS, AT THAT TIME, A MARKET MAKER IN SECURITIES TRADED BY ITS CUSTOMERS; FAILED TO RETAIN ST. LOUIS E-MAILS AND E-MAILS FROM 11 BLOOMBERG E-MAIL ACCOUNTS USED IN ST. LOUIS; FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND SYSTEMS.

Initiated By: NASD

Date Initiated: 05/14/2004

Docket/Case Number: CAF040034

Principal Product Type: Other

Other Product Type(s): SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/14/2004

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER WUNDERLICH SECURITIES, INC. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$50,000.00 JOINTLY AND SEVERALLY.

Reporting Source: Firm



Current Status: Final

Allegations: WUNDERLICH THROUGH ITS REGISTERED PERSONS VIOLATED NASD RULES 2110, IM 2110-4, 2711(H)(8), 2230, 2711(I), 3110, AND SECTIONS 17(A) AND 10(B) OF THE EXCHANGE ACT AND SEC RULES 17A-3 AND 10B-10 THERE UNDER.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 03/31/2003

Docket/Case Number: CAF040034

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: A FINE OF \$50,000 OF WHICH \$30,000 IS JOINT AND SEVERAL WITH PHILLIP ZANONE AND PATRICIA HESTER, \$10,000 IS JOINT AND SEVERAL WITH FORKIN AND \$10,000 IS JOINT AND SEVERAL WITH ROLLA.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/14/2004

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

Other Sanctions Ordered: WUNDERLICH WAS FINED \$50,000 JOINT AND SEVERAL WITH PHILIP ZANONE, PATRICIA HESTER, CHRIS ROLLA AND PAT FORKIN.

Sanction Details: ZANONE AND HESTER HAVE BOTH BEEN SUSPENDED FOR A PERIOD OF 15 BUSINESS DAYS WITH ZANONE TO FOLLOW HESTER'S SUSPENSION. HESTER'S SUSPENSION IS 6/21/04-CLOSE OF BUSINESS 7/12/04&ZANONE SUSPENSION IS 7/13/04-CLOSE OF BUSINESS 8/2/04. ZANONE AND HESTER MUST REQUALIFY FOR THE SERIES 24 AFTER THE SUSPENSIONS HAVE BEEN MET.

Firm Statement FIRM RELIED ON ITS REGISTERED PERSONS IN THE OSJ TO PERFORM THE NECESSARY COMPLIANCE FUNCTIONS. THIS WAS NOT DONE AND THE NASD DETERMINED TO NAME THE PRESIDENT AND CHIEF COMPLIANCE OFFICE IN LIEU OF THE REGISTERED BRANCH MANAGER. FOR THE RECORD, THERE WAS NO EVIDENCE OF ANY DELIBERATE ATTEMPT TO OBTAIN ANY MARKET ADVANTAGE IN THE AREAS OF MARKET MAKING AND ISSUANCE OF RESEARCH REPORTS. THE DOLLAR AMOUNT OF THE TRANSACTION, APPX \$6000 AND THE SUBSEQUENT PROFIT OF \$400 CORROBORATE THIS POINT. THE TRANSACTION PRICE FOR THE



SALES IN QUESTION \$2.7662/SH AND CLOSING PRICE FOR THE STOCK \$2.70/SH SUGGEST THAT THE RESEARCH REPORT HAD ALMOST NO EFFECT ON THE MARKET AND WAS NOT CONSIDERED SIGNIFICANT. THE TRANSACTION IN QUESTION ALSO ONLY ACCOUNTED FOR APPX 1/10 OF 1 % OF MARKET VOLUME FOR THE DAY.

Disclosure 15 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULES 15C3-1, 17A-3(A)(11), 17A-11, 17A-5, NASD RULES 2110 - RESPONDENT MEMBER, ACTING THROUGH AN INDIVIDUAL, ENGAGED IN A SECURITIES BUSINESS WHEN THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM; ACTING THROUGH AN INDIVIDUAL, FAILED AND NEGLECTED TO PROVIDE NOTIFICATION THAT THE FIRM'S NET CAPITAL WAS BELOW THE REQUIRED MINIMUM TO THE SEC; ACTING THROUGH AN INDIVIDUAL, FAILED AND NEGLECTED TO FILE ACCURATE FOCUS PART IIA REPORTS; AND, ACTING THROUGH AN INDIVIDUAL, PREPARED INACCURATE NET CAPITAL VIOLATIONS FOR SEVERAL MONTHS.
Initiated By:	NASD
Date Initiated:	01/23/2004
Docket/Case Number:	C05040007
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/23/2004
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$7,500.00

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

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, WUNDERLICH SECURITIES 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:

THE FIRM, RELYING UPON HAL CONDITT, ENGAGED IN SECURITIES BUSINESS WHEN FIRMS CAPITAL WAS BELOW REQUIRED MIN ON MONTH-ENDING PERIODS OF 2/28/02, 3/29/02, 4/30/02, 5/31/02, AND 6/28/02, WHICH WAS IN CONTREVTION TO SEC RULE 15C3-1

Initiated By:

NASD

Date Initiated:

01/23/2004

Docket/Case Number:

C05040007

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:

01/23/2004

Sanctions Ordered:

Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

NONE

Sanction Details:

NONE

Disclosure 16 of 18**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

WUNDERLICH, THROUGH REGISTERED AGENT MICHAEL B.SUTTLE, FAILED TO MAINTAIN A CENTRALIZED FILE OF ALL CORRESPONDENCES; FAILED



TO REQUIRE AGENTS TO COMPLETE ALL INFORMATION ON SOME NEW ACCOUNT FORMS; FAILED TO MAINTAIN A SECURITIES RECEIVED BLOTTER AND CUSTOMER ACCOUNT REVIEW LOG; ACCEPTED FUNDS FROM CUSTOMERS PAYABLE TO WUNDERLICH WHICH WERE PLACED IN THE BRANCH ACCOUNT INSTEAD OF THE CLEARING FIRM BANK; ALLOWED A NON-NASD APPROVED FINGER-PRINTED PERSON TO HANDLE CUSTOMER FUNDS; AND, FAILED TO ESTABLISH SPECIAL SUPERVISORY PROCEDURES FOR AN AGENT WITH PRIOR DISCIPLINARY PROBLEMS. REGISTERED AGENT SUTTLE FAILED TO DOCUMENT HIS REVIEW OF INCOMING/OUTGOING CORRESPONDENCE AND FAILED TO GENERATE A REVIEW LOG OF CUSTOMER ACCOUNTS. WUNDERLICH FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM TO SUPERVISE ACTIVITIES OF ITS AGENTS; ACTED AS A SOLICITOR FOR AN UNREGISTERED INVESTMENT ADVISER; AND, FAILED TO ESTABLISH AND IMPLEMENT PROCEDURES FOR REVIEW OF ELECTRONIC MAIL AND APPROVAL IN WRITING OF ALL TRANSACTION RECORDS AND COMMUNICATIONS WITH CUTOMERS.

Initiated By: TEXAS STATE SECURITIES BOARD

Date Initiated: 09/11/2002

Docket/Case Number: SSB DOCKET NO. 02-26, CAF-1471

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): GENERAL SECURITIES DEALER AND INVESTMENT ADVISER

Principal Sanction(s)/Relief Sought: Reprimand

Other Sanction(s)/Relief Sought: REPRIMAND, ADMINISTRATIVE FINE AND UNDERTAKING WITH THE TEXAS SECURITIES COMMISSIONER

Resolution: Consent

Resolution Date: 09/11/2002

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered: REPRIMAND AND COMPLIANCE WITH UNDERTAKING

Sanction Details: RESPONDENTS WUNDERLICH SECURITIES INC AND MICHAEL B. SUTTLE WERE REPRIMANDED, ORDERED TO COMPLY WITH UNDERTAKING WITH THE COMMISSIONER AND MICHAEL SUTTLE WAS FINED \$5000 ADMINISTRATIVE FINE.

Regulator Statement RESPONDENTS WUNDERLICH AND SUTTLE COOPERATED WITH THE STATE SECURITIES BOARD AND HAVE VOLUNTARILY IMPLEMENTED CORRECTIVE ACTIONS IN SEVERAL AREAS AND WUNDERLICH HAS



REIMBURSED TWO CUSTOMERS FOR LOSSES IN THEIR TRADING ACCOUNTS AND AGREES TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW ITS BRANCH PROCEDURES AND SUPERVISION AND ADDRESS ALL VIOLATIONS AND DEFICIENCIES IN A REPORT TO BE FILED WITH THE TX STATE SECURITIES BOARD WITHIN 90 DAYS OF THIS ORDER. RESPONDENT SUTTLE AGREED NOT TO ACT IN A SUPERVISORY CAPACITY FOR 6 MONTHS FROM DATE OF THIS ORDER OR UNTIL HE SUCCESSFULLY COMPLETES THE SERIES 24 EXAM. FOR FURTHER INFORMATION CONTACT ENFORCEMENT DIVISION AT 512-305-8392.

Reporting Source: Firm

Current Status: Final

Allegations: WUNDERLICH, THROUGH REGISTERED AGENT, MICHAEL B. SUTTLE, FAILED TO MAINTAIN A CENTRALIZED FILE OF ALL CORRESPONDENCES; FAILED TO REQUIRE AGENTS TO COMPLETE ALL INFORMATION ON SOME NEW ACCOUNT FORMS; FAILED TO MAINTAIN A SECURITIES RECEIVED BLOTTER AND CUSTOMER ACCOUNT REVIEW LOG; ACCEPTED FUNDS FROM CUSTOMERS PAYABLE TO WUNDERLICH WHICH WERE PLACED IN THE BRANCH ACCOUNT INSTEAD OF THE CLEARING FIRM BANK; ALLOWED A NON-NASD APPROVED FINGER PRINTED PERSON TO HANDLE CUSTOMER FUNDS; AND, FAILED TO ESTABLISH SPECIAL SUPERVISORY PROCEDURES FOR AN AGENT WITH PRIOR DISCIPLINARY PROBLEMS. REGISTERED AGENT SUTTLE FAILED TO DOCUMENT HIS REVIEW OF INCOMING/OUTGOING CORRESPONDENCE AND FAILED TO GENERATE A REVIEW LOG OF CUSTOMER ACCOUNTS. WUNDERLICH FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM TO SUPERVISE ACTIVITIES OF ITS AGENTS; ACTED AS A SOLICITOR FOR AN UNREGISTERED INVESTMENT ADVISOR; AND, FAILED TO ESTABLISH AND IMPLEMENT PROCEDURES FOR REVIEW OF ELECTRONIC MAIL AND APPROVAL IN WRITING OF ALL TRANSACTION RECORDS AND COMMUNICATIONS WITH CUSTOMERS.

Initiated By: TEXAS STATE SECURITIES BOARD

Date Initiated: 09/11/2002

Docket/Case Number: SSB DOCKET NO. 02-26, CAF-1471

Principal Product Type: Other

Other Product Type(s): GENERAL SECURITIES DEALER AND INVESTMENT ADVISER

Principal Sanction(s)/Relief Sought: Reprimand

Other Sanction(s)/Relief REPRIMAND, ADMINISTRATIVE FINE AND UNDERTAKING WITH THE TEXAS



Sought:	SECURITIES COMMISSIONER
Resolution:	Consent
Resolution Date:	09/11/2002
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	REPRIMAND AND COMPLIANCE WITH UNDERTAKING
Sanction Details:	RESPONDENTS WUNDERLICH SECURITIES, INC. AND MICHAEL B. SUTTLE WERE REPRIMANDED, ORDERED TO COMPLY WITH UNDERTAKING WITH THE COMMISSIONER AND MICHAEL SUTTLE WAS FINED \$5000 ADMINISTRATIVE FINE.
Firm Statement	RESPONDENTS WUNDERLICH AND SUTTLE COOPERATED WITH THE STATE SECURITIES BOARD AND HAVE VOLUNTARILY IMPLEMENTED CORRECTIVE ACTIONS IN SEVERAL AREAS AND WUNDERLICH AGREES TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW ITS BRANCH PROCEDURES AND SUPERVISION AND ADDRESS ALL VIOLATIONS AND DEFICIENCIES IN A REPORT TO BE FILED WITH THE TX STATE SECURITIES BOARD WITHIN 90 DAYS OF THIS ORDER. RESPONDENT SUTTLE AGREED NOT TO ACT IN A SUPERVISORY CAPACITY FOR 6 MONTHS FROM DATE OF THIS ORDER OR UNTIL HE SUCCESSFULLY COMPLETES THE SERIES 24 EXAM.

Disclosure 17 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110 AND 3010 - RESPONDENT MEMBER, ACTING THROUGH AN INDIVIDUAL, FAILED AND NEGLECTED TO EXERCISE REASONABLE AND PROPER SUPERVISION OVER ANOTHER INDIVIDUAL IN CONNECTION WITH UNAUTHORIZED TRANSACTIONS IN THE ACCOUNTS OF PUBLIC CUSTOMERS WITHOUT THE CUSTOMERS' KNOWLEDGE OR CONSENT.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/07/2001
Docket/Case Number:	C05010040
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: 09/07/2001
Sanctions Ordered: Censure
 Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY
Regulator Statement PAID IN FULL 10/04/01. INVOICE #01/05/543.

Reporting Source: Firm
Current Status: Final
Allegations: NASD RULES 2110 AND 3010-RESPONDENT MEMBER,ACTING THROUGH AN INDIVIDUAL, FAILED AND NEGLECTED TO EXERCISE REASONABLE AND PROPER SUPERVISION OVER ANOTHER INDIVIDUAL IN CONNECTION WITH UNAUTHORIZED TRANSACTIONS IN THE ACCOUNTS OF PUBLIC CUSTOMERS WITHOUT THE CUSTOMERS' KNOWLEDGE OR CONSENT.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 09/07/2001
Docket/Case Number: C05010040
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE \$5,000.00, JOINTLY AND SEVERALLY
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/07/2001
Sanctions Ordered: Censure
 Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: CENSURED AND FINED \$5,000 JOINTLY AND SEVERALLY



Disclosure 18 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT BURFORD EXECUTED CERTAIN MUNICIPAL SECURITIES PURCHASE AND SALE TRANSACTIONS WITH A FINANCIAL INSTITUTION AND FAILED TO DISCLOSE TO THE BOARD OF DIRECTORS AND SENIOR OFFICERS OF SUCH FINANCIAL INSTITUTION THAT THE PURCHASE AND SALE PRICES WERE NOT REASONABLY RELATED TO THE THEN CURRENT MARKET PRICES, AND THAT THE PURCHASE AND SALE TRANSACTIONS REPRESENTED A PRACTICE COMMONLY IDENTIFIED AS "ADJUSTED TRADING"; CAUSED THE FALSIFICATION OF THE FINANCIAL INSTITUTION'S BOOKS AND RECORDS, IN THAT "REALIZED" LOSSES ON THE SALES WERE CONCEALED, AND THE NEW SECURITIES PURCHASED WERE RECORDED AT INFLATED PRICES; FAILED TO REFLECT ON THE FIRM'S BOOKS AND RECORDS THAT THE TRANSACTIONS WERE NOT EFFECTED AT THE PREVAILING MARKET PRICES, AND THAT THE ADJUSTED PURCHASE PRICE ON THE FIRST LEG OF EACH ADJUSTED TRADE WAS CONDITIONED UPON THE SUBSEQUENT SALE AT A FURTHER INFLATED OR ADJUSTED PRICE; AND, RESPONDENTS ALSO CAUSED FALSE AND MISLEADING CONFIRMATIONS TO BE MAILED TO A CUSTOMER.</p>
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	04/04/1990
Docket/Case Number:	C05900001(NEW-759)
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	07/15/1991
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	RESPONDENTS CRISLER, TIPTON & COMPANY; THORN, ALVIS, WELCH, INC.



AND CORDERA ARE CENSURED; THE COMMITTEE DISMISSED ALL ALLEGATIONS IN COMPLAINT NEW-759 THAT RESPONDENT MEMBER VIOLATED SECTIONS 10 AND 17 OF THE SECURITIES AND EXCHANGE ACT OF 1934 AND RULES 10B-5, 17A-3, AND 17A-4, THEREUNDER.

Regulator Statement

[TOP] COMPLAINT NO. NEW-759 (DISTRICT NO. 5) FILED 4/4/90 AGAINST RESPONDENTS CRISLER, TIPTON & COMPANY, INC. AND HORACE L. BURFORD ALLEGING VIOLATIONS OF RULES G-8, G-9, AND G-17 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD AND SECTIONS 10 AND 17 OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 10B-5, 17A-3 AND 17A-4 THEREUNDER IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT BURFORD EXECUTED CERTAIN MUNICIPAL SECURITIES PURCHASE AND SALE TRANSACTIONS WITH A FINANCIAL INSTITUTION AND FAILED TO DISCLOSE TO THE BOARD OF DIRECTORS AND SENIOR OFFICERS OF SUCH FINANCIAL INSTITUTION THAT THE PURCHASE AND SALE PRICES WERE NOT REASONABLY RELATED TO THE THEN CURRENT MARKET PRICES, AND THAT THE PURCHASE AND SALE TRANSACTIONS REPRESENTED A PRACTICE COMMONLY IDENTIFIED AS "ADJUSTED TRADING"; CAUSED THE FALSIFICATION OF THE FINANCIAL INSTITUTION'S BOOKS AND RECORDS, IN THAT "REALIZED" LOSSES ON THE SALES WERE CONCEALED, AND THE NEW SECURITIES PURCHASED WERE RECORDED AT INFLATED PRICES; FAILED TO REFLECT ON THE FIRM'S BOOKS AND RECORDS THAT THE TRANSACTIONS WERE NOT EFFECTED AT THE PREVAILING MARKET PRICES, AND THAT THE ADJUSTED PURCHASE PRICE ON THE FIRST LEG OF EACH ADJUSTED TRADE WAS CONDITIONED UPON THE SUBSEQUENT SALE AT A FURTHER INFLATED OR ADJUSTED PRICE; AND, RESPONDENTS ALSO CAUSED FALSE AND MISLEADING CONFIRMATIONS TO BE MAILED TO A CUSTOMER. COMBINED DECISION RENDERED 7/15/91, C05900001 (NEW-759) AND C05910013 (NEW-797), WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY THE RESPONDENTS WAS ACCEPTED; THEREFORE, RESPONDENTS CRISLER, TIPTON & COMPANY; THORN, ALVIS, WELCH, INC. AND CORDERA ARE CENSURED; THE COMMITTEE DISMISSED ALL ALLEGATIONS IN COMPLAINT NEW-759 THAT RESPONDENT MEMBER VIOLATED SECTIONS 10 AND 17 OF THE SECURITIES AND EXCHANGE ACT OF 1934 AND RULES 10B-5, 17A-3, AND 17A-4, THEREUNDER.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM (THEN KNOWN AS CRISLER, TIPTON & COMPANY), ACTING THROUGH REGISTERED REP HORACE BURFORD, EXECUTED MUNICIPAL SECURITIES PURCHASE AND SALE TRANSACTIONS WITH A FINANCIAL INSTITUTION CUSTOMER AT PRICES NOT REASONABLY RELATED TO THE



THEN CURRENT MARKET PRICES (ADJUSTED TRADING). THIS RESULTED IN THE FALSIFICATION OF THE FINANCIAL INSTITUTION'S BOOKS AND RECORDS, AS "REALIZED" LOSSES ON THE SALES WERE CONCEALED, AND THE NEW SECURITIES PURCHASED WERE RECORDED AT INFLATED PRICES. ALSO, THE FIRM'S BOOKS AND RECORDS DID NOT REFLECT THAT THESE TRANSACTIONS WERE NOT EFFECTED AT THE PREVAILING MARKET PRICES, AND THE FIRM CAUSED FALSE AND MISLEADING CONFIRMATIONS TO BE MAILED TO A CUSTOMER.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/04/1990

Docket/Case Number: C05900001 (NEW-759)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 07/15/1991

Sanctions Ordered: Censure

Other Sanctions Ordered:

Sanction Details: THE FIRM (THEN KNOWN AS CRISLER, TIPTON & COMPANY) WAS CENSURED; THE COMMITTEE DISMISSED ALL ALLEGATIONS IN COMPLAINT NEW-759 THAT THE FIRM VIOLATED SECTIONS 10 AND 17 OF THE SECURITIES AND EXCHANGE ACT OF 1934 AND RULES 10B-5, 17A-3, AND 17A-4 THEREUNDER.

Firm Statement AN OFFER OF SETTLEMENT WAS ACCEPTED BY THE FIRM (THEN KNOWN AS CRISLER, TIPTON & COMPANY) ON 7/15/1991 WHEREBY THE FIRM WAS CENSURED. THE COMMITTEE DISMISSED ALL ALLEGATIONS IN COMPLAINT NEW-759 THAT THE FIRM VIOLATED SECTIONS 10 AND 17 OF THE SECURITIES AND EXCHANGE ACT OF 1934 AND RULES 10B-5, 17A-3, AND 17A-4 THEREUNDER.



Arbitration Award - Award / Judgment

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

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

Disclosure 1 of 4

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	01/14/2003
Case Number:	02-06774
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$89,845.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/20/2004
Sum of All Relief Awarded:	\$92,150.00

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

Disclosure 2 of 4

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	FINRA
Case Initiated:	10/12/2007
Case Number:	07-02723
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$15,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/25/2008
Sum of All Relief Awarded: \$9,000.01

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

Disclosure 3 of 4

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum: FINRA
Case Initiated: 04/02/2008
Case Number: [08-00773](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$344,284.04
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/24/2009
Sum of All Relief Awarded: \$167,884.98

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

Disclosure 4 of 4

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION
Arbitration Forum: FINRA
Case Initiated: 03/09/2016



Case Number: [16-00575](#)

Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS; FUTURES (OTHER THAN COMMODITIES); MUNICIPAL BONDS; OPTIONS

Sum of All Relief Requested: \$3,000,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/26/2017

Sum of All Relief Awarded: \$1,044,782.00

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



Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

Disclosure 1 of 1

Reporting Source:	Firm
Policy Holder:	WUNDERLICH SECURITIES, INC.
Bonding Company Name:	GULF INSURANCE COMPANY
Disposition:	Payout
Disposition Date:	08/02/2000
Payout Details:	\$275,000.00 TO BE PAID ON APPROXIMATELY 8/2/2000.
Firm Statement	A FORMER REGISTERED REPRESENTATIVE OF THE FIRM, ROBERT B. ADAMS, CONDUCTED UNAUTHORIZED TRADING IN SEVERAL CUSTOMER ACCOUNTS. WUNDERLICH SECURITIES, INC. HAS SETTLED, OR IS IN THE PROCESS OF SETTLING, CLAIMS WITH THESE CUSTOMERS. AS THE REP'S ACTIVITIES WERE UNAUTHORIZED AND CONSIDERED FRAUDULENT, A CLAIM WAS LIKEWISE FILED BY WUNDERLICH SECURITIES WITH THE BONDING COMPANY.

End of Report



This page is intentionally left blank.