

BrokerCheck Report

CHAPMAN SECURITIES, INC.

CRD# 25688

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®



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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

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Thank you for using FINRA BrokerCheck.



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



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.



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 Kansas on 11/23/1989.
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 brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	11
Bond	1

CHAPMAN SECURITIES, INC.
CRD# 25688
SEC# 8-41972

Main Office Location
800 E. 1ST ST. N. STE.400
WICHITA, KS 67202

Mailing Address
800 E. 1ST ST. N. STE. 400
WICHITA, KS 67202

Business Telephone Number
316-265-3331

Registration Withdrawal Information

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



Date firm ceased business: 10/11/2004

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



Firm Profile

This firm is classified as a corporation.
This firm was formed in Kansas on 11/23/1989.
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.

CHAPMAN SECURITIES, INC.
Doing business as **CHAPMAN SECURITIES, INC.**
CRD# 25688
SEC# 8-41972

Main Office Location
800 E. 1ST ST. N. STE.400
WICHITA, KS 67202

Mailing Address
800 E. 1ST ST. N. STE. 400
WICHITA, KS 67202

Business Telephone Number
316-265-3331

Other Names of this Firm

Name	Where is it used
KANVEST FINANCIAL SERVICES	KS



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): CHAPMAN HOLDING, INC.

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

Position 100% OWNER

Position Start Date 11/1989

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): LAIRD, STORMY DAWN

4551900

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

Position FINANCIAL & OPERATIONS PRINCIPAL

Position Start Date 11/2002

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): RELIHAN, MICHAEL DAVID

501990

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

Position CROP, SROP, CEO, CCO

Position Start Date 11/1989

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership	Less than 5%
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Does this owner direct the management or policies of the firm?	Yes
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Is this a public reporting company?	No
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Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	RELIHAN, MICHAEL DAVID 501990
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	CHAPMAN HOLDING, INC.
Relationship to Direct Owner	PRESIDENT/SHAREHOLDER
Relationship Established	11/1989
Percentage of Ownership	50% but less than 75%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	MANHATTAN BANKING CORPORATION
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CHAPMAN HOLDING, INC.
Relationship to Direct Owner	COMMON SHAREHOLDER
Relationship Established	07/2000
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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

No information reported.



Firm Operations



Registrations

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

This firm is no longer registered.

The firm's registration was from 03/09/1990 to 12/06/2004.



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 14 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
Municipal securities dealer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Put and call broker or dealer or option writer
Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)
Investment advisory services
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Name:	SOUTHWEST SECURITIES, INC.
Business Address:	1201 ELM STREET, SUITE 3500 DALLAS, TX 75270
Effective Date:	03/07/1990
Description:	WE ARE A FULLY DISCLOSED BROKER DEALER. SOUTHWEST SECURITIES CLEARS OUR TRADES AND HOLDS ALL CUSTOMER FUNDS AND SECURITIES.

Firm Operations

Industry Arrangements



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

Name: SOUTHWEST SECURITIES, INC.
Business Address: 1201 ELM STREET, SUITE 3500
DALLAS, TX 75270
Effective Date: 03/07/1990
Description: FULLY DISCLOSED BROKER DEALER.
SOUTHWEST SECURITIES HOLDS ALL CUSTOMER FUNDS AND
SECURITIES.

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

Name: SOUTHWEST SECURITIES, INC.
Business Address: 1201 ELM STREET, SUITE 3500
DALLAS, TX 75270
Effective Date: 07/07/1990
Description: FULLY DISCLOSED BROKER DEALER.
SOUTHWEST SECURITIES HOLDS ALL CUSTOMER FUNDS AND
SECURITIES.

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

Name: SOUTHWEST SECURITIES, INC.
Business Address: 1201 ELM STREET, SUITE 3500
DALLAS, TX 75270
Effective Date: 03/07/1990
Description: FULLY DISCLOSED BROKER DEALER.
SOUTHWEST SECURITIES HOLDS ALL CUSTOMER FUNDS AND
SECURITIES.

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is not, directly or indirectly:

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

This firm is 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

KANSAS STATE BANK is a State Member Bank of the Federal Reserve System and controls the firm.

Business Address: 1010 WESTLOOP
MANHATTAN, KS 66502

Effective Date: 11/01/2000

Description: WE WILL HAVE ONE BROKER IN THE KANSAS STATE BANK, THERESA UNDERWOOD, WHO WILL CONDUCT ANY SECURITIES BUSINESS THROUGH CHAPMAN SECURITIES, INC. SHE WILL REMAIN AN EMPLOYEE OF THE BANK AND WE WILL 1099 HER FOR ANY COMMISSIONS. MANHATTAN BANKING CORPORATION OWNS KANSAS STATE BANK.



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	11	0
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:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

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

Disclosure 1 of 11

Reporting Source: Regulator

Current Status: Final



Allegations:	SEC RULE 17A-5, 15C3-1, 17A-3(A)(11), 17A-5(A)(2)(IV) AND NASD RULE 2110-CHAPMAN SECURITIES, INC, ACTING THROUGH AN INDIVIDUAL, FAILED TO FILE ITS ANNUAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2003 BY THE DUE DATE. RESPONDENT ALSO FAILED TO MAINTAIN MINIMUM NET CAPITAL, PREPARE ACCURATE NET CAPITAL COMPUTATIONS, AND FILE THE FOCUS REPORT IN A TIMELY FASHION.
Initiated By:	NASD
Date Initiated:	06/02/2005
Docket/Case Number:	C04050021
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/02/2005
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:	Monetary/Fine \$15,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CHAPMAN SECURITIES, INC. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$15,000, JOINTLY AND SEVERALLY.

Disclosure 2 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT CHAPMAN SECURITIES, INC. FAILED TO COMPLY WITH AN ARBITRATION AWARD, FEES OR SETTLEMENT AGREEMENT OR TO SATISFACTORILY RESPOND TO AN NASD REQUEST TO PROVIDE



INFORMATION CONCERNING THE STATUS OF COMPLIANCE.

Initiated By:	NASD
Date Initiated:	07/21/2004
Docket/Case Number:	ARBITRATION CASE #03-08120
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Suspension
Other Sanction(s)/Relief Sought:	
Resolution:	Other
Resolution Date:	08/30/2004
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:	Suspension
Other Sanctions Ordered:	
Sanction Details:	RESPONDENT FIRM'S MEMBERSHIP WITH NASD IS SUSPENDED AUGUST 30, 2004 FOR FAILING TO COMPLY WITH AN ARBITRATION AWARD, FEES OR SETTLEMENT AGREEMENT IN ARBITRATION CASE #03-08120 OR TO SATISFACTORILY RESPOND TO AN NASD REQUEST TO PROVIDE INFORMATION CONCERNING THE STATUS OF COMPLIANCE.

Disclosure 3 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO ADEQUATELY AND PROPERLY SUPERVISE A REGISTERED REPRESENTATIVE IN THAT THE FIRM FAILED TO DETECT AND TAKE ADEQUATE STEPS TO PREVENT EXCESSIVE TRANSACTIONS IN THE ACCOUNT OF A PUBLIC CUSTOMER.
Initiated By:	NASD



Date Initiated: 05/20/2004

Docket/Case Number: C04040022

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: 05/20/2004

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: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS, THEREFORE, THE FIRM IS FINED \$5,000, JOINTLY AND SEVERALLY.

Disclosure 4 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110 AND 6240(A)(2) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO FIXED INCOME PRICING SYSTEM ("FIPS") TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION. THESE LATE TRANSACTIONS CONSTITUTED 78.95% OF TRANSACTIONS IN FIPS SECURITIES THAT RESPONDENT MEMBER REPORTED TO FIPS. SUCH CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING AND IS CONSIDERED CONDUCT INCONSISTENT WITH HIGH STANDARD OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPAL OF TRADE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



Date Initiated: 10/10/2002
Docket/Case Number: CMS020186
Principal Product Type: Other
Other Product Type(s): UNKNOWN TYPE OF SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/10/2002
Sanctions Ordered: Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details: A \$2,500 FINE.

Reporting Source: Firm
Current Status: Final
Allegations: FIRM FAILED TO REPORT FIXED INCOME PRICING SYSTEM (FIPS) TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION.
Initiated By: NATIONAL ASSOCIATES OF SECURITIES DEALERS, INC.
Date Initiated: 10/10/2002
Docket/Case Number: CMS020186
Principal Product Type: Other
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: \$2,500.00 FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/10/2002
Sanctions Ordered: Monetary/Fine \$2,500.00

**Other Sanctions Ordered:****Sanction Details:** \$2,500.00 FINE.**Firm Statement** THE FINE IS PAID AND ALL FORMS ARE FILED.**Disclosure 5 of 11****Reporting Source:** Regulator**Current Status:** Final**Allegations:** CHAPMAN SECURITIES FAILED TO REASONABLY SUPERVISE AGENT JOSEPH BENTER (CRD #2169891) AND ENGAGED IN DISHONEST AND UNETHICAL PRACTICES (UNSUITABLE, RECOMENDATIONS, EXCESSIVE TRADING)**Initiated By:** KANSAS SECURITIES COMMISSIONER**Date Initiated:** 10/04/2001**Docket/Case Number:** 2002E020/KSC 2001-4303**URL for Regulatory Action:****Principal Product Type:** Equity - OTC**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Other**Other Sanction(s)/Relief Sought:** FINE**Resolution:** Stipulation and Consent**Resolution Date:** 01/31/2003**Sanctions Ordered:** Monetary/Fine \$12,000.00**Other Sanctions Ordered:****Sanction Details:** \$12,000 TO BE PAID IN MONTHLY INSTALLMENTS OF \$1,000 BEGINNING 3/1/03; ESTABLISH DETAILED SUPERVISORY PROCEDURES.**Reporting Source:** Firm**Current Status:** Pending**Allegations:** WILMA SEHNERT, A CUSTOMER OF JOSEPH BENTER, HAS FILED A CUSTOMER COMPLAINT AGAINST



JOSEPH BENTER, MICHAEL RELIHAN AND CHAPMAN SECURITIES, INC.
CUSTOMER ALLEGES CHURNING,
UNSUITABILITY AND UNAUTHORIZED TRADING AGAINST JOSEPH BENTER.
ALLEGES FAILURE TO
SUPERVISE AGAINST MICHAEL RELIHAN AND CHAPMAN SECURITIES, INC.
STATE OF KANSAS HAS
BEGUN AN INVESTIGATION INTO THE ALLEGATIONS.

Initiated By: STATE OF KANSAS
Date Initiated: 01/05/2001
Docket/Case Number: KSC #01-4303
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:

Disclosure 6 of 11

Reporting Source: Firm
Current Status: Final
Allegations: CHAPMAN SECURITIES, INC. APPLIED FOR REGISTRATION IN MONTANA ON 10-25-00 THROUGH THE CRD SYSTEM. EVIDENTALLY THERE WAS A PROBLEM WITH THE FORM BD THAT DID NOT GET RESOLVED UNTIL 1-8-01 THAT FINALLY CLEARED THE WAY FOR MONTANA REGISTRATION. DURING THIS TIME, NINE TRANSACTIONS WERE CONDUCTED IN THAT STATE WITHOUT THE PROPER REGISTRATION.
Initiated By: MONTANA SECURITIES COMMISSIONER
Date Initiated: 02/26/2001
Docket/Case Number: CASE NO: I 02-26-01-077
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: 03/21/2001

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered: MUST COMPLY WITH THE SECURITIES ACT OF MONTANA AND ALL RULES AND ORDERS PROMULGATED THEREUNDER IN THE FUTURE.

Sanction Details: \$1,000 FINE WAS PAID ON 3/20/2001 BY CHECK.

Firm Statement CHAPMAN SECURITIES, INC. PAID THE \$1,000 FINE AND AGREED TO ABIDE BY ALL OF THE RULES OF THE MONTANA SECURITIES COMMISSIONER.

Disclosure 7 of 11

Reporting Source: Regulator

Current Status: Final

Allegations: FAILURE TO REASONABLY SUPERVISE ITS SALES AGENTS

Initiated By: KANSAS SECURITIES COMMISSIONER

Date Initiated: 12/30/1998

Docket/Case Number: 97-3415

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/30/1998

Sanctions Ordered: Censure
Monetary/Fine

Other Sanctions Ordered:



Sanction Details:	CONSENT PURSUANT TO STIPULATIONS
Regulator Statement	CHAPMAN FAILED TO PROPERLY REGISTER THREE AGENTS AND FAILED TO ESTABLISH PROCEDURES TO PREVENT THE CONVERSION OF CUSTOMER FUNDS. CONTACT: MERILYN BOWMAN; 316-337-6280
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	NO WRITTEN POLICY OR PROCEDURE FOR THE HAND DELIVERY OF CHECKS TO CLIENTS. THREE BROKERS EFFECTED PURCHASE AND SALE OF SECURITIES IN THE STATE OF KANSAS WITHOUT PROPER REGISTRATION. CLAIM IS FAILURE TO SUPERVISE.
Initiated By:	STATE OF KANSAS
Date Initiated:	04/29/1998
Docket/Case Number:	98E248
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$5,000 FINE
Resolution:	Settled
Resolution Date:	12/30/1998
Sanctions Ordered:	Censure Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	CENSURED AND FINED \$5,000
Firm Statement	INITIAL U-4 FOR THE THREE BROKERS SHOWED A REQUEST FOR KANSAS REGISTRATION.

Disclosure 8 of 11**Reporting Source:** Regulator



Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/11/1996

Docket/Case Number: C04960041

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/11/1996

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

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ON OCTOBER 11, 1996, DISTRICT NO. 4 NOTIFIED CHAPMAN SECURITIES, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C04960041 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$1,000 - (MSRB RULE G-37 - RESPONDENT MEMBER FAILED TO MAKE THE REQUIRED QUARTERLY FILINGS OF FORM G-37/G-38 ALTHOUGH IT CONDUCTED A MUNICIPAL SECURITIES BUSINESS).

\$1,000.00 PAID ON 11/06/96, INVOICE #96-04-800

Reporting Source: Firm

Current Status: Final

Allegations: FAILED TO FINE MSRB FORM G-37/G38 FOR CALENDAR QUARTERS ENDING 6-30-94, 9-30-94, 12-31-94, 3-31-95, 6-30-95 AND 12-31-95 IN A TIMELY MANNER.

Initiated By: NASD DISTRICT #4



Date Initiated:	06/19/1996
Docket/Case Number:	C04960041
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1,000 FINE
Resolution:	Settled
Resolution Date:	10/11/1996
Sanctions Ordered:	Censure Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	CENSURED AND FINE \$1,000 PAID 10/11/1996
Firm Statement	THE FINE WAS PAID AND ALL FORMS WERE FILED.

Disclosure 9 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>ON MAY 9, 1996, CHAPMAN SECURITIES, INC. FILED AN APPLICATION FOR REGISTRATION AS A DEALER WITH THE COMMISSION. INCLUDED IN THE APPLICATION WAS A STATEMENT THAT THE FIRM HAS DONE NO BUSINESS IN THE STATE OF ALABAMA. INFORMATION RECEIVED FROM SOUTHWEST SECURITIES, INC., THE CLEARING FIRM OF CHAPMAN, DISCLOSED CHAPMAN HAS 3 ACCOUNTS OPEN WITH ALABAMA RESIDENTS. BASED UPON THE SALE OF SECURITIES IN THE STATE OF ALABAMA, BY AN UNREGISTERED DEALER, A VIOLATION OF SECTION 8-6-3(a), CODE OF ALABAMA 1975, A CEASE AND DESIST ORDER WAS ISSUED. CHAPMAN WAS SUBSEQUENTLY REQUIRED TO MAKE RESCISSION OFFERS TO 2 ALABAMA RESIDENTS WHO REJECTED THE OFFERS.</p>
Initiated By:	AL
Date Initiated:	06/06/1996



Docket/Case Number: CD-96-0030

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 09/11/1996

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: ON SEPTEMBER 11, 1996, A CONSENT ORDER WAS ENTERED RESOLVING THE VIOLATION, AND THE APPLICATION FOR REGISTRATION AS A DEALER WAS PROCESSED. CHAPMAN WAS LEVIED AN ADMINISTRATIVE ASSESSMENT OF \$1,000 AND INVESTIGATIVE COSTS OF \$500.

Regulator Statement SAME AS ALLEGATIONS. CONTACT: ALABAMA SECURITIES COMMISSION (334)242-2984

Reporting Source: Firm

Current Status: Final

Allegations: CHAPMAN SECURITIES CONDUCTED BUSINESS IN THIS STATE PRIOR TO PROPER REGISTRATION.

Initiated By: STATE OF ALABAMA

Date Initiated: 05/09/1996

Docket/Case Number: CO-96-0030

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: RECISSION OFFERS WERE REQUIRED TO BE MADE TO TWO CUSTOMERS. PAID \$1,000 ADMINISTRATIVE ASSESSMENT AND \$500 INVESTIGATION



REIMBURSEMENT

Resolution:	Settled
Resolution Date:	09/11/1996
Sanctions Ordered:	Monetary/Fine \$1,500.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	CEASE AND DESIST ORDER UNTIL FINE WAS PAID. PAID FINE AND BECAME REGISTERED IN ALABAMA ON 09/12/1996.
Firm Statement	CHAPMAN PAID THE FINE AND BECAME REGISTERED IN ALABAMA ON 09/12/1996.

Disclosure 10 of 11

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/08/1992
Docket/Case Number:	C04920029
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/08/1992
Sanctions Ordered:	Censure Monetary/Fine \$25,000.00 Suspension
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	ON SEPTEMBER 8, 1992, THE LETTER OF ACCEPTANCE, WAIVER AND



CONSENT NO. C04920029 (DISTRICT NO. 4) SUBMITTED BY CHAPMAN SECURITIES, INC., MICHAEL DAVID RELIHAN AND JEFFREY DEAN LEE WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$25,000, JOINTLY AND SEVERALLY; RESPONDENT MEMBER IS SUSPENDED FROM MEMBERSHIP IN THE NASD FOR 5 DAYS; AND, RESPONDENTS RELIHAN AND LEE ARE REQUIRED TO REQUALIFY BY EXAMINATION AS A GENERAL SECURITIES PRINCIPAL WITHIN 90 DAYS FROM THE DATE OF ACCEPTANCE OF THIS LETTER OF ACCEPTANCE, WAIVER AND CONSENT, OR CEASE ASSOCIATION WITH ANY MEMBER FIRM IN THAT CAPACITY - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS RELIHAN AND LEE, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL).

\$25,000.00 J&S PAID ON 11/3/92 INVOICE #92-04-861

Reporting Source:	Firm
Current Status:	Final
Allegations:	AS OF SEPTEMBER 30, 1991, OCTOBER 31, 1991, NOVEMBER 29, 1991, DECEMBER 31, 1991, AND JANUARY 31, 1992, CHAPMAN SECURITIES ACTING THROUGH MIKE RELIHAN AND JEFF LEE CONDUCTED A SECURITIES BUSINESS BELOW MINIMUM NET CAPITAL REQUIREMENTS. PARKING SECURITIES IN FAMILY RELATED OR SHAREHOLDER ACCOUNTS CAUSED OR INCREASED THE DEFICIENCIES.
Initiated By:	NASD
Date Initiated:	02/28/1992
Docket/Case Number:	C04920029
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Suspension
Other Sanction(s)/Relief Sought:	CENSURED FINED \$25,000 JOINTLY AND SEVERALLY BETWEEN CHAPMAN SECURITIES, JEFFREY LEE AND MICHAEL RELIHAN. SUSPENDED FOR FIVE DAYS (NOVEMBER 16 THRU 20, 1992). RELIHAN AND LEE MUST REQUALIFY BE EXAM AS GENERAL SECURITIES PRINCIPALS.



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/08/1992

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00
Suspension

Other Sanctions Ordered: RELIHAN AND LEE MUST REQUALIFY BY EXAMINATION AS GENERAL SECURITIES PRINCIPALS.

Sanction Details: FINED AND PAID \$25,000.
FIRM WAS SUSPENDED FOR FIVE DAYS FORM NOVEMBER 16, THRU NOVEMBER 20, 1992.
BOTH RELIHAN AND LEE REQUALIFIED FOR EXAM SERIES 24.

Disclosure 11 of 11

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/18/1991

Docket/Case Number: C04900014 (KC-497-AWC)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 01/18/1991

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

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ON JANUARY 18, 1991, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT CASE ID. C04900014 (KC-497-AWC) (DISTRICT NO. 4)



SUBMITTED BY RESPONDENT CHAPMAN SECURITIES, INC. WAS
ACCEPTED;
THEREFORE, THE FIRM IS CENSURED AND FINED \$1,000 - (ARTICLE
III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT
MEMBER CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO
MAINTAIN REQUIRED MINIMUM NET CAPITAL).
\$1,000.00 PAID ON 3/12/91 INVOICE #91-04-127*

Reporting Source:	Firm
Current Status:	Final
Allegations:	AS OF JUNE 29, 1990 CHAPMAN SECURITIES ACTING THROUGH ITS REGISTERED PRINCIPALS CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ADEQUATE REQUIRED MINIMUM NET CAPITAL.
Initiated By:	NASD
Date Initiated:	10/10/1990
Docket/Case Number:	CO4900014
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1000 FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/18/1991
Sanctions Ordered:	Censure Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	CENSURED AND PAID FINE OF \$1,000 1/18/91



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:	CHAPMAN SECURITIES, INC.
Bonding Company Name:	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG PA
Disposition:	Payout
Disposition Date:	06/17/1996
Payout Details:	WE CARRY INSURANCE FOR \$120,000 WITH A \$5,000 DEDUCTIBLE. INSURANCE PAID OUT \$115,000 ON JUNE 17, 1996.
Firm Statement	FORMER PRESIDENT, JEFFREY LEE CONVERTED ONE CUSTOMER'S FUNDS FOR HIS OWN USE, IN THE AMOUNT OF \$177,000. CUSTOMER WAS ALSO A STOCKHOLDER IN OUR PARENT COMPANY.

End of Report



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