

BrokerCheck Report

HIGHLAND FINANCIAL, LTD.

CRD# 25896

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 5
Firm History	6
Firm Operations	7 - 11
Disclosure Events	12



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.

• **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.



HIGHLAND FINANCIAL, LTD.

CRD# 25896

SEC# 8-42147

Main Office Location

915 MENOHER BLVD. -STE A
JOHNSTOWN, PA 15905-2800

Mailing Address

915 MENOHER BLVD.-STE A
JOHNSTOWN, PA 15905-2800

Business Telephone Number

814-536-3000

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 Pennsylvania on 12/01/1989.

Its fiscal year ends in September.

Firm History

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

Firm Operations

This 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	3

Registration Withdrawal Information

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



Date firm ceased business: 06/17/2014

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 Pennsylvania on 12/01/1989.

Its fiscal year ends in September.

Firm Names and Locations

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

HIGHLAND FINANCIAL, LTD.

Doing business as HIGHLAND FINANCIAL, LTD.

CRD# 25896

SEC# 8-42147

Main Office Location

915 MENOHER BLVD. -STE A
JOHNSTOWN, PA 15905-2800

Mailing Address

915 MENOHER BLVD.-STE A
JOHNSTOWN, PA 15905-2800

Business Telephone Number

814-536-3000



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):	SMITH, GORDON DRUMMOND 2006592
Is this a domestic or foreign entity or an individual?	Individual
Position	SHAREHOLDER
Position Start Date	12/1989
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):	HIPPERT, BRENT EUGENE 1067611
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	12/2011
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm Profile

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

Indirect Owners

No information reported.



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 04/12/1990 to 08/18/2014.





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 7 types of businesses.

Types of Business

Mutual fund retailer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Investment advisory services
Private placements of securities
Other - MERGERS AND ACQUISITIONS CONSULTING

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.
This firm does not engage in other non-securities business.

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is not, directly or indirectly:

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

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	3	0

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 3

Reporting Source: Regulator

Current Status: Final



Appealed To and Date Appeal Filed:

APPEALED TO THE NAC ON DECEMBER 13, 2013. THE FIRM HAS WITHDRAWN THE APPEAL, - JULY 15, 2014.

Allegations:

WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-8 PROMULGATED THEREUNDER, VIOLATED FINRA RULES 2010, 2150(A), 3310(A): THE FIRM, ACTING THROUGH AN INDIVIDUAL, FAILED TO FILE TIMELY A CURRENCY TRANSACTION REPORT (CTR) UPON RECEIPT FROM A CUSTOMER OF CASH DEPOSITS TOTALING \$39,780 AND \$103,440, RESPECTIVELY. THE INDIVIDUAL KNEW OR SHOULD HAVE KNOWN THAT THE FIRM WAS REQUIRED TO FILE, AND THAT AS THE FIRM'S PRESIDENT, SOLE PRINCIPAL AND DESIGNATED ANTI-MONEY LAUNDERING (AML) COMPLIANCE OFFICER (AMLCO), HE WAS REQUIRED TO CAUSE THE FIRM TO FILE A CTR REPORTING ANY RECEIPT OF MORE THAN \$10,000 IN CURRENCY. THE FIRM'S AML PROCEDURES IN EFFECT AT THE TIME STATED THAT THE FIRM WOULD FILE A CTR FOR CURRENCY TRANSACTIONS THAT EXCEEDED \$10,000. THE CURRENCY THE FIRM RECEIVED FROM THE CUSTOMER COULD ONLY PROPERLY BE HELD IN THE SPECIFIC ACCOUNT THE FIRM HAD ESTABLISHED FOR THE BENEFIT OF CUSTOMERS PURSUANT TO ITS EXEMPTION FROM SECURITIES EXCHANGE ACT OF 1934 RULE 15C3-3. INSTEAD, THE FIRM, ACTING THROUGH THE INDIVIDUAL, HELD FUNDS BELONGING TO THE CUSTOMER IN OTHER ACCOUNTS. BY DOING SO, THE FIRM, ACTING THROUGH THE INDIVIDUAL, COMMINGLED THE CUSTOMER'S FUNDS WITH THE FIRM'S FUNDS AND WITH THE FUNDS OF A NON-FINRA ENTITY THE INDIVIDUAL CONTROLLED, AND SUBJECTED THE CUSTOMER'S FUNDS TO UNWARRANTED RISKS INCLUDING THE RISKS ASSOCIATED WITH THE FIRM'S AND ENTITY'S BUSINESSES, WHICH CONSTITUTED DISTINCT IMPROPER USES OF THE CUSTOMER'S FUNDS. THE FIRM FAILED TO MONITOR, DETECT AND INVESTIGATE SUSPICIOUS TRANSACTIONS AND DETERMINE WHETHER TO FILE A SUSPICIOUS ACTIVITY REPORT (SAR) IN RESPONSE TO MULTIPLE RED FLAGS RELEVANT TO THE CUSTOMER'S ACCOUNT, INCLUDING CERTAIN RED FLAGS SPECIFICALLY CITED IN THE FIRM'S OWN WRITTEN AML PROCEDURES. THOSE MULTIPLE RED FLAGS INCLUDED: THE CIRCUMSTANCES ATTENDANT TO THE CUSTOMER'S DELIVERY OF CASH TO THE INDIVIDUAL; THE CONCERNS THE CUSTOMER EXPRESSED ABOUT POSSIBLY BEING QUESTIONED BY THE IRS CONCERNING THE CASH; THE CUSTOMER'S DESIRE TO HAVE THE CASH DEPOSITED SO AS TO PREVENT ANY REPORT FROM BEING FILED WITH THE GOVERNMENT AUTHORITIES; AND THE INDIVIDUAL'S STRUCTURING OF CASH DEPOSITS.

Initiated By:

FINRA

Date Initiated:

07/19/2012

Docket/Case Number:

[2011025591601](#)



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Decision
Resolution Date:	07/15/2014
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:	Monetary/Fine \$25,000.00
Other Sanctions Ordered:	<p>THE FIRM IS ALSO ORDERED TO PAY \$6,658.30 IN COSTS, JOINTLY AND SEVERALLY.</p> <p>THE HEARING PANEL THEREFORE CONCLUDES THAT THE FIRM, THROUGH ITS PRINCIPAL, VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 THEREUNDER.</p> <p>THE FIRM ACTED WILLFULLY IN FAILING TO TIMELY FILE CURRENCY TRANSACTION REPORTS (CTRS). AS A CONSEQUENCE, THE FIRM IS SUBJECT TO A STATUTORY DISQUALIFICATION UNDER EXCHANGE ACT SECTION 3(A)(39)(F), 15 U.S.C. § 78C(A)(39)(F), AND A DISQUALIFICATION UNDER ARTICLE III, SECTION 4 OF FINRA'S BY-LAWS.</p>
Sanction Details:	SEE ABOVE-
Regulator Statement	<p>HEARING PANEL DECISION RENDERED SEPTEMBER 27, 2013. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM AND ITS MANAGING PRINCIPAL, WILLFULLY VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 THEREUNDER, WHEN THEY FAILED TO TIMELY FILE CURRENCY TRANSACTION REPORTS (CTRS) AFTER RECEIVING CASH, ON SEPARATE OCCASIONS, OF APPROXIMATELY \$40,000 AND IN EXCESS OF \$103,000, FROM A CUSTOMER. THE FINDINGS STATED THAT THE PRINCIPAL STRUCTURED CASH DEPOSITS TO EVADE THE CURRENCY REPORTING REQUIREMENTS. ON THREE DAYS, THE PRINCIPAL MADE FIVE SEPARATE DEPOSITS OF CURRENCY IN SUMS BELOW \$10,000 AT TWO BANKS, AND, ON FIVE OTHER DAYS, WITH A REGISTERED REPRESENTATIVE'S HELP, HE MADE 11 SEPARATE DEPOSITS OF LIKE AMOUNTS AT THREE BANKS. THE FINDINGS ALSO STATED THAT THE</p>



PRINCIPAL AND THE FIRM, THROUGH THE PRINCIPAL, MADE IMPROPER USE OF THE CUSTOMER'S FUNDS WHEN ON EIGHT SEPARATE OCCASIONS, AND IN AN AMOUNT TOTALING MORE THAN \$75,000, THE PRINCIPAL DEPOSITED THE CUSTOMER'S CASH INTO ACCOUNTS CONTAINING NON-CUSTOMER FUNDS. THE CUSTOMER DID NOT AUTHORIZE THIS COMMINGLING, AND IT SUBJECTED HER FUNDS TO A RISK OF LOSS. THE FINDINGS ALSO INCLUDED THAT THE FIRM HAD ANTI-MONEY LAUNDERING (AML) POLICIES AND PROCEDURES IN PLACE, BUT FAILED TO IMPLEMENT THEM TO DETECT AND REPORT SUSPICIOUS TRANSACTIONS. NONE OF THE FIRM'S EMPLOYEES FOLLOWED UP ON RED FLAGS RAISED BY THE RECEIPT AND STRUCTURED DEPOSITS OF THE CUSTOMER'S CASH. THE FIRM'S OFFICE MANAGER, A REGISTERED REPRESENTATIVE, SUSPECTED THE PRINCIPAL WAS STRUCTURING DEPOSITS AND YET DID NOTHING TO FOLLOW UP. THE DECISION BECAME FINAL JULY 15, 2014.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGEDLY , FAILED TO FILE A TIMELY CURRENCY TRANSACTION REPORT (CTR) UPON RECEIPT FROM A CUSTOMER OF TWO CASH DEPOSITS. ALLEGEDLY ENGAGED IN "STRUCTURING" BY DEPOSITING THE CURRENCY RECEIVED INTO MULTIPLE ACCOUNTS AT MULTIPLE FINANCIAL INSTITUTIONS ON MULTIPLE DAYS IN AMOUNTS OF \$10,000 OR LESS. ALLEGEDLY COMMINGLED THE CUSTOMER'S FUNDS WITH THE FIRM'S FUNDS. ALLEGEDLY FAILED TO DETECT AND INVESTIGATE SUSPICIOUS TRANSACTIONS AND DETERMINE WHETHER TO FILE A SUSPICIOUS ACTIVITY REPORT INVOLVING THE FIRM'S RECEIPT OF CASH FROM THE CUSTOMER AND SUBSEQUENT DEPOSITS OF THE CASH. THEREFORE ALLEGEDLY VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) AND RULE 17A-8 THEREUNDER AND VIOLATED FINRA RULE 3310(A), AND HIGHLAND AND SMITH VIOLATED FINRA RULES 2150(A) AND 2010.
Initiated By:	FINRA
Date Initiated:	07/18/2012
Docket/Case Number:	2011025591601
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: Decision
Resolution Date: 07/15/2014
Sanctions Ordered: Monetary/Fine \$25,000.00
Other Sanctions Ordered: TO PAY COSTS AND FEES OF \$6,658.30
Sanction Details: TOTAL FINE: \$25,000 COST AND FEES 6,658.3
Firm Statement HIGHLAND FINANCIAL FAILED TO FILE TIMELY CURRENCY TRANSACTION REPORTS, IN VIOLATION OF SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") SECTION 17(A), EXCHANGE ACT RULE 17A-8, AND FINRA RULE 2010; HIGHLAND FINANCIAL COMMINGLED CUSTOMER FUNDS WITH NON-CUSTOMER FUNDS, IN VIOLATION OF FINRA RULES 2150(A) AND 2010; AND HIGHLAND FINANCIAL FAILED TO IMPLEMENT PROCEDURES TO DETECT AND REPORT SUSPICIOUS ACTIVITIES, IN VIOLATION OF FINRA RULES 3310(A) AND 2010

Disclosure 2 of 3

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 04/10/1995
Docket/Case Number: C9A950026
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Decision
Resolution Date: 03/17/1996
Sanctions Ordered: Censure
 Monetary/Fine \$7,500.00

**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

COMPLAINT NO. C9A950026 FILED APRIL 10, 1995 BY DISTRICT NO. 9 AGAINST HIGHLAND FINANCIAL, LTD., AND GORDON D. SMITH ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 18 AND 21(a) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT SMITH, USED THE MEANS AND INSTRUMENTALITIES OF INTERSTATE COMMERCE TO EFFECT TRANSACTIONS IN SECURITIES WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL; FAILED TO MAKE AND KEEP CURRENT ACCURATE BOOKS AND RECORDS; PREPARED AN INACCURATE MONTH-END NET CAPITAL COMPUTATION; ENGAGED IN A FRAUDULENT AND DECEPTIVE COURSE OF CONDUCT WHICH WAS INTENDED TO AND OPERATED TO CONCEAL THE FIRM'S TRUE FINANCIAL CONDITION AND THEREBY DECEIVE THE NASD, THE FIRM'S CUSTOMERS, AND OTHERS; FILED AN INACCURATE FOCUS PART II REPORT; AND, FAILED TO PROMPTLY FILE TELEGRAPHIC NOTICES WITH THE SEC AND THE NASD REPORTING THE NET CAPITAL DEFICIENCIES.

DECISION RENDERED JANUARY 29, 1996 WHEREIN RESPONDENTS MEMBER AND SMITH ARE CENSURED AND FINED \$7,500, JOINTLY AND SEVERALLY. IN ADDITION, RESPONDENT SMITH IS SUSPENDED AS A FINANCIAL AND OPERATIONS PRINCIPAL FOR 45 DAYS. FOLLOWING THE EXPIRATION OF THE 45 DAY SUSPENSION, THE SUSPENSION SHALL CONTINUE UNLESS AND UNTIL RESPONDENT SMITH HAS REQUALIFIED AS A FINANCIAL AND OPERATIONS PRINCIPAL BY PASSING THE SERIES 27 EXAMINATION. IN ADDITION, THE RESPONDENTS ARE ASSESSED COSTS OF \$1,447.50, JOINTLY AND SEVERALLY. THE THIRD CAUSE OF COMPLAINT ALLEGING VIOLATIONS OF SECTION 18 CONCERNING FAUDULENT AND DECEPTIVE CONDUCT WAS DISMISSED IN THAT THE COMMITTEE DETERMINED THAT RESPONDENT SMITH DID NOT ACT WITH AN INTENT TO DECEIVE OR THAT HIS CONDUCT WAS RECKLESS. IF NO FURTHER ACTION DECISION IS FINAL MARCH 14, 1996.

MARCH 14, 1996 - DECISION IS FINAL.

**\$8,947.50 PAID J&S ON 03/29/96, INVOICE # 96-9A-223

Reporting Source:

Firm



Current Status: Final

Allegations: NASD LISTED FIVE COMPLAINTS AGAINST HIGHLAND FINANCIAL, LTD AND THE FIRM'S FINANCIAL AND OPERATIONS PRINCIPAL WHICH WERE FAILURE TO COMPLY WITH SEC RULES 15C3-1, 17A-3(A)(2), 17A-3(A)(11), 17A-5, AND 17A-11. ALSO VIOLATINS OF ARTICLE III, SECTIONS 1, 18 AND 21(A) OF THE RULES OF FAIR PRACTICE.

Initiated By: NASD DISTRICT 9

Date Initiated: 04/10/1995

Docket/Case Number: C9A950026

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 03/14/1996

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

Other Sanctions Ordered:

Sanction Details: HIGHLAND FINANCIAL, LTD AND THE FIRM'S FINANCIAL AND OPERATIONS PRINCIPAL WERE CENSURED AND FINED \$7,500.00 JOINTLY AND SEVERALLY. THE FINANCIAL AND OPERATIONS PRINCIPAL WAS SUSPENDED AS FINANCIAL AND OPERATIONS PRINCIPAL FOR 45 CALENDAR DAYS BETWEEN MAY 20 TO JULY 3, 1996, OR UNTIL HE REQUALIFIED BY PASSING THE SERIES 27 EXAMINATION WHICH OCCURRED ON JULY 3, 1996.

Disclosure 3 of 3

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



Date Initiated: 03/15/1994

Docket/Case Number: C9A940001

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/15/1994

Sanctions Ordered: Censure
Monetary/Fine \$3,500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ON MARCH 15, 1994, DISTRICT NO. 9 NOTIFIED RESPONDENTS HIGHLAND FINANCIAL, LTD. AND GORDON D. SMITH THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C9A940001 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$3,500 JOINTLY AND SEVERALLY - (ARTICLE III, SECTIONS 1 AND 21(a) OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT SMITH, EFFECTED SECURITIES TRANSACTIONS WHILE FAILING TO MAINTAIN ITS MINIMUM REQUIRED NET CAPITAL; FAILED TO PREPARE AND MAINTAIN COMPLETE AND ACCURATE BOOKS AND RECORDS; AND, FILED AN INACCURATE FOCUS PART II REPORT).

**\$3,500.00 J&S PAID ON 4/07/94, INVOICE #94-9A-233.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NET CAPITAL RULES

Initiated By: NASD DISTRICT 9

Date Initiated: 06/16/1993

Docket/Case Number: C9A940001



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:	01/06/1994
Sanctions Ordered:	Monetary/Fine \$3,500.00
Other Sanctions Ordered:	
Sanction Details:	FINE PAID 04/04/1994

End of Report



This page is intentionally left blank.