BrokerCheck Report

HAPOALIM SECURITIES USA, INC.

CRD# 266

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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.
-

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.

HAPOALIM SECURITIES USA, INC.

CRD# 266

SEC# 8-3018

Main Office Location

1120 AVENUE OF THE AMERICAS
19TH FLOOR
NEW YORK, NY 10036

Mailing Address

1120 AVENUE OF THE AMERICAS
19TH FLOOR
NEW YORK, NY 10036

Business Telephone Number

212-782-2134

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 Delaware on 09/23/1993.

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	32
Civil Event	1
Arbitration	6

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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:	01/29/2019
Does this brokerage firm owe any money or securities to any customer or brokerage firm?	No

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Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 09/23/1993.

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.

HAPOALIM SECURITIES USA, INC.

Doing business as HAPOALIM SECURITIES USA, INC.

CRD# 266

SEC# 8-3018

Main Office Location

1120 AVENUE OF THE AMERICAS
19TH FLOOR
NEW YORK, NY 10036

Mailing Address

1120 AVENUE OF THE AMERICAS
19TH FLOOR
NEW YORK, NY 10036

Business Telephone Number

212-782-2134

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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):	BHI USA HOLDINGS, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SHAREHOLDER
Position Start Date	09/2012
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	

Legal Name & CRD# (if any):	FELIX, MICHAEL PAUL 1015774
Is this a domestic or foreign entity or an individual?	Individual
Position	CEO
Position Start Date	08/2016
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):	FRUCHT, MARK OSCAR 5130492
Is this a domestic or foreign entity or an individual?	Individual
Position	CFO, FINOP
Position Start Date	08/2018

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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):	HAMANI, GABRIEL 6041565
Is this a domestic or foreign entity or an individual?	Individual
Position	NON-EMPLOYEE BOARD MEMBER
Position Start Date	02/2012
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	VENEZIA, JOHN JOSEPH
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	08/2008
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	YAIR, TALMOR 6789361

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Firm Profile

Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual?	Individual
Position	CHAIRMAN OF BOARD OF DIRECTORS
Position Start Date	07/2016
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

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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):	BANK HAPOALIM B.M.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	BIZUR LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006
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):	BITZUR LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	POALIM CAPITAL MAKRETS - INVESTMENT HOUSE LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006
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):	POALIM CAPITAL MARKETS (EURO) LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity

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Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established	BHI-USA HOLDINGS, INC.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	09/2012
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):	POALIM CAPITAL MARKETS LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	POALIM CAPITAL MARKETS (EURO) LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006
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):	POLIAM CAPITAL MARKETS AND INVESTMENTS - HOLDINGS LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	POLIAM CAPITAL MARKETS LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006

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Firm Profile

Indirect Owners (continued)

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):	POALIM CAPITAL MARKETS - INVESTMENT HOUSE LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	POALIM CAPITAL MARKETS AND INVESTMENTS - HOLDINGS LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006
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):	TARSHISH - HAPOALIM HOLDINGS AND INVESTMENTS LTD.
Is this a domestic or foreign entity or an individual?	Foreign Entity
Company through which indirect ownership is established	POALIM CAPITAL MARKETS AND INVESTMENTS - HOLDINGS LTD.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/2006
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	No

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Firm Profile

Indirect Owners (continued)

company?

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Firm History

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

No information reported.

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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 12/09/1939 to 04/01/2019.

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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

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Put and call broker or dealer or option writer
Broker or dealer involved in a networking, kiosk or similar arrangment with a: bank, savings bank or association, or credit union

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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:	PERSHING LLC
CRD #:	7560
Business Address:	1 PERSHING PLAZA JERSEY CITY, NJ 07399
Effective Date:	02/02/2004
Description:	APPLICANT HAS ENTERED INTO AN ARRANGEMENT WITH PERSHING LLC WHEREBY PERSHING LLC WILL CLEAR CERTAIN BUSINESSES OF THE APPLICANT AND CUSTOMERS OF THE APPLICANT ON A FULLY DISCLOSED BASIS.

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Firm Operations

Industry Arrangements

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

Name: SMARSH INC.

Business Address: 851 SW 6TH AVE #800
PORTLAND, OR 97204

Effective Date: 04/14/2015

Description: SMARSH MAINTAINS FIRM'S EMAILS IN WORM FORMAT.

Name: IRON MOUNTAIN

Business Address: 1000 DEAN STREET
BROOKLYN, NY 11238

Effective Date: 03/01/2012

Description: TIME RECORD MANAGEMENT STORES BOXES OF HAPOALIM SECURITIES RECORDS IN A WAREHOUSE IN BROOKLYN.

TIME RECORD WAS PURCHASED BY IRON MOUNTAIN IN JULY 2015

Name: PERSHING LLC

CRD #: 7560

Business Address: 1 PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 02/02/2004

Description: APPLICANT HAS ENTERED INTO AN ARRANGEMENT WITH PERSHING LLC WHEREBY PERSHING LLC WILL CLEAR CERTAIN BUSINESSES OF THE APPLICANT AND CUSTOMERS OF THE APPLICANT ON A FULLY DISCLOSED BASIS.

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

Name: PERSHING LLC

CRD #: 7560

Business Address: 1 PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 02/02/2004

Description: APPLICANT HAS ENTERED INTO AN ARRANGEMENT WITH PERSHING LLC WHEREBY PERSHING LLC WILL CLEAR CERTAIN BUSINESSES OF

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Firm Operations

Industry Arrangements (continued)

THE APPLICANT AND CUSTOMERS OF THE APPLICANT ON A FULLY DISCLOSED BASIS.

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

Name: PERSHING LLC

CRD #: 7560

Business Address: 1 PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 02/02/2004

Description: APPLICANT HAS ENTERED INTO AN ARRANGEMENT WITH PERSHING LLC
WHEREBY PERSHING LLC WILL CLEAR CERTAIN BUSINESSES OF THE APPLICANT AND CUSTOMERS OF THE APPLICANT ON A FULLY DISCLOSED BASIS.

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.

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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.

POALIM SAHAR LTD. is under common control with the firm.

Business Address:	MENACHEM BEGIN RD. TEL AVIV, ISRAEL 23
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	ISRAEL
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

POALIM CAPITAL MARKETS is under common control with the firm.

Business Address:	46 ROTHSCHILD BLVD. TEL AVIV, ISRAEL 66883
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	ISRAEL
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

POALIM ASSET MANAGEMENT (UK) LTD. is under common control with the firm.

Business Address:	CLARENDON HOUSE 11-12 CLIFFORD STREET LONDON, U.K.

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Firm Operations

Organization Affiliates (continued)

Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

BANK HAPOALIM (SWITZERLAND) LTD. is under common control with the firm.

Business Address:	STOCKERSTRASSE 33 ZURICH, SWITZERLAND CH-8039
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	SWITZERLAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

PEILIM PORTFOLIO MANAGEMENT COMPANY, LTD. is under common control with the firm.

Business Address:	48 MENACHEM BEGIN ROAD TEL AVIV, ISRAEL
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	ISRAEL
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

POALIM I.B.I. UNDERWRITING & ISSUING LTD. is under common control with the firm.

Business Address:	9 AHAD HA'AM STREET

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Firm Operations

Organization Affiliates (continued)

	TEL AVIV, ISRAEL 65251
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	ISRAEL
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

POALIM I.B.I. MANAGING & UNDERWRITING LTD. is under common control with the firm.

Business Address:	9 AHAD HA'AM ST. TEL AVIV, ISRAEL 65251
Effective Date:	03/20/2006
Foreign Entity:	Yes
Country:	ISRAEL
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	UNDER COMMON CONTROL OF BANK HAPOALIM BM

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**

BANK POZITIF is a Foreign Bank and controls the firm.

Business Address:	RÜZGARLIBAHÇE MAHALLESI KAYIN SOK.YESA BLOKLARI NO KAVACIK / BEYKOZ ISTANBUL, TURKEY 34805
Effective Date:	03/20/2006

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Firm Operations

Organization Affiliates (continued)

Description: UNDER COMMON CONTROL OF BANK HAPOALIM BM

BANK HAPOALIM (CAYMAN) LTD is a Foreign Bank and controls the firm.

Business Address: PO BOX 979
GEORGE TOWN
GRAND CAYMAN, CAYMAN ISLANDS

Effective Date: 03/20/2006

Description: UNDER COMMON CONTROL OF BANK HAPOALIM BM

BANK HAPOALIM B.M. is a Foreign Bank and controls the firm.

Business Address: 50 ROTHSCHILD BOULEVARD
TEL AVIV, ISRAEL

Effective Date: 03/20/2006

Description: APPLICANT IS A FOREIGN BANK IN THE OWNERSHIP CHAIN OF THE MEMBER ORGANIZATION.

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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	32	0
Civil Event	1	0	0
Arbitration	N/A	6	N/A

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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 32

Reporting Source:	Regulator
Current Status:	Final

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Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AN ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM (AMLCP) REASONABLY DESIGNED TO ACHIEVE AND MONITOR COMPLIANCE WITH THE BANK SECRECY ACT (BSA). SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND IMPLEMENT RISK-BASED PROCEDURES AND CONTROLS REASONABLY DESIGNED TO DETECT AND REPORT, ON AN ONGOING BASIS, KNOWN OR SUSPECTED MONEY LAUNDERING ACTIVITY.
THE FIRM'S AML PROCEDURES STATED IN CONCLUSORY FASHION THAT THE FIRM WOULD "MANUALLY MONITOR A SUFFICIENT AMOUNT OF ACCOUNT ACTIVITY TO PERMIT IDENTIFICATION OF PATTERNS OF UNUSUAL SIZE, VOLUME, PATTERN OR TYPE OF TRANSACTIONS, GEOGRAPHIC FACTORS, SUCH AS WHETHER JURISDICTIONS DESIGNATED AS 'NON-COOPERATIVE' ARE INVOLVED," AND OTHER ENUMERATED "RED FLAGS." YET IT CONTAINED NO PROCEDURES SPECIFYING HOW PERSONNEL SHOULD SELECT OR IDENTIFY ACCOUNTS FOR MANUAL MONITORING, HOW THEY SHOULD CONDUCT SUCH MONITORING, OR THE TYPE OF REVIEW THEY SHOULD CONDUCT. THE AML PROCEDURES ALSO FAILED TO ADDRESS HOW THE FIRM OR ITS PERSONNEL SHOULD INVESTIGATE PATTERNS OF ACTIVITY OF 'UNUSUAL SIZE, VOLUME, PATTERN OR TYPE OF TRANSACTIONS." WITH RESPECT TO "GEOGRAPHIC FACTORS," THE AML PROCEDURES FAILED TO IDENTIFY HIGH-RISK JURISDICTIONS, OR CRITERIA FOR IDENTIFYING SUCH JURISDICTIONS.
AS A RESULT OF THESE DEFICIENCIES IN ITS AMLCP, THE FIRM FAILED TO DETECT AND INVESTIGATE INSTANCES OF POTENTIALLY SUSPICIOUS TRADING IN MICROCAP SECURITIES, AS WELL AS A LARGE VOLUME OF LIQUIDATIONS OF VENEZUELAN SOVEREIGN DEBT. FOR EXAMPLE, THE FIRM FAILED TO DETECT AND INVESTIGATE 6,363,151 SHARES OF SECURITIES THAT WERE SOLD FOR OVER $2 MILLION WITH NO CORRESPONDING PURCHASES, WHILE THE SECURITIES WERE THE SUBJECT OF PAID PROMOTIONS SEEKING TO BOOST THEIR PUBLIC PROFILE. THE FIRM ALSO FAILED TO DETECT AND INVESTIGATE OVER $300 MILLION IN NET SALES OF DOLLAR-DENOMINATED VENEZUELAN DEBT SECURITIES WITH FEW CORRESPONDING PURCHASES, WHILE SUCH A SALES PATTERN POSED A PARTICULARLY HIGH AML RISK.
THE FINDINGS STATED THAT THE FIRM USED AML EXCEPTION REPORTS PROVIDED BY A THIRD PARTY TO IDENTIFY ACCOUNTS REQUIRING ENHANCED REVIEW, BUT THOSE REPORTS EXCLUDED ACTIVITY IN DELIVERY-VERSUS-PAYMENT/RECEIPT-VERSUS PAYMENT (DVP/RVP), WHICH COMPRISED APPROXIMATELY 93% OF ALL ACCOUNTS AT THE FIRM. WHILE THE FIRM ALSO USED NON-AML EXEMPTION REPORTS TO MONITOR SUSPICIOUS ACCOUNT ACTIVITY, THOSE REPORTS WERE LIMITED TO DAILY TRADING ACTIVITY AND COULD NOT ILLUMINATE LONG-TERM TRENDS OR PATTERNS OF SUSPICIOUS ACTIVITY.

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	THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO OBTAIN ADEQUATE INFORMATION FROM ITS FOREIGN FINANCIAL INSTITUTION ("FFI") CUSTOMERS REGARDING THE TYPE, PURPOSE AND ANTICIPATED ACTIVITY OF THEIR ACCOUNTS. THE FIRM ALSO FAILED TO ADEQUATELY APPLY RISK-BASED PROCEDURES AND CONTROLS TO EACH FFI ACCOUNT THAT WERE REASONABLY DESIGNED TO DETECT AND REPORT KNOWN OR SUSPECTED MONEY LAUNDERING ACTIVITY, INCLUDING A PERIODIC REVIEW OF THE ACCOUNT ACTIVITY SUFFICIENT TO DETERMINE CONSISTENCY WITH INFORMATION OBTAINED ABOUT THE TYPE, PURPOSE, AND ANTICIPATED ACTIVITY OF THE ACCOUNT. IN ADDITION, THE FIRM FAILED TO MEET THE ENHANCED DUE DILIGENCE REQUIREMENTS FOR CERTAIN FOREIGN BANKS.
Initiated By:	FINRA
Date Initiated:	05/05/2016
Docket/Case Number:	2013037856801
Principal Product Type:	Debt - Government
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/05/2016
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine $200,000.00
Other Sanctions Ordered:	UNDERTAKING: REVISE ITS AMLCP WITHIN 30 DAYS AND PROVIDE A STATEMENT SIGNED BY ITS AML COMPLIANCE OFFICER AFFIRMING THAT THE REVISED PROCEDURES COMPLY WITH FINRA RULE 3310.
Sanction Details:	THE FIRM IS CENSURED, FINED $200,000, AND UNDERTAKES TO REVISE ITS AMLCP WITHIN 30 DAYS AND PROVIDE A STATEMENT SIGNED BY ITS AML COMPLIANCE OFFICER AFFIRMING THAT THE REVISED PROCEDURES COMPLY WITH FINRA RULE 3310. FINE PAID IN FULL ON MAY 13, 2016.

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Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE RELEVANT PERIOD, THE FIRM VIOLATED FINRA RULES 3310(A) AND 2010 BY FAILING TO ESTABLISH AN ANTI-MONEY LAUNDERING ("AML") COMPLIANCE PROGRAM ("AMLCP") REASONABLY DESIGNED TO ACHIEVE AND MONITOR COMPLIANCE WITH THE BANK SECRECY ACT ("BSA"). SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND IMPLEMENT RISK-BASED PROCEDURES AND CONTROLS REASONABLY DESIGNED TO DETECT AND REPORT, ON AN ONGOING BASIS, KNOWN OR SUSPECTED MONEY LAUNDERING ACTIVITY. DURING THE RELEVANT PERIOD, THE FIRM ALSO VIOLATED FINRA RULES 331O(B) AND 2010 BY FAILING TO (I) OBTAIN ADEQUATE INFORMATION FROM ITS FOREIGN FINANCIAL INSTITUTION ("FFI") CUSTOMERS REGARDING THE TYPE, PURPOSE AND ANTICIPATED ACTIVITY OF THEIR ACCOUNTS AS REQUIRED BY 31 C.F.R. § 1010.610(A)(2); (II) ADEQUATELY APPLY RISK-BASED PROCEDURES AND CONTROLS TO EACH FFI ACCOUNT THAT WERE REASONABLY DESIGNED TO DETECT AND REPORT KNOWN OR SUSPECTED MONEY LAUNDERING ACTIVITY, INCLUDING A PERIODIC REVIEW OF THE ACCOUNT ACTIVITY SUFFICIENT TO DETERMINE CONSISTENCY WITH INFORMATION OBTAINED ABOUT THE TYPE, PURPOSE, AND ANTICIPATED ACTIVITY OF THE ACCOUNT, AS REQUIRED BY 31 C.F.R. § 1010.6IO(A)(3); AND (III) FAILING TO MEET THE ENHANCED DUE DILIGENCE REQUIREMENTS FOR CERTAIN FOREIGN BANKS IMPOSED BY 31 C.F.R. § 1010.61O(B).
Initiated By:	FINRA
Date Initiated:	03/01/2013
Docket/Case Number:	20130378568-01
Principal Product Type:	Penny Stock(s)
Other Product Type(s):	EMERGING MARKET DEBT
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE OF $200,000, UNDERTAKING TO REVISE AML POLICY AND PROVIDE A STATEMENT SIGNED BY THE AML COMPLIANCE OFFICER THAT THE REVISED AML POLICY COMPLIES WITH RULE 3310.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/19/2016

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Sanctions Ordered:	Censure Monetary/Fine $200,000.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE AML POLICY AND PROVIDE A STATEMENT SIGNED BY THE AML COMPLIANCE OFFICER THAT THE REVISED AML POLICY COMPLY WITH RULE 3310 WITHIN 30 DAYS OF RESOLUTION.
Sanction Details:	FINE PAID ON 5/19/2016.
Firm Statement	HAPOALIM SECURITIES, WITHOUT ADMITTING OR DENYING THE FINDINGS, CONSENTED TO THE FINDINGS RELATED TO THE DESCRIBED SANCTIONS; THEREFORE THE FIRM IS CENSURED AND FINED $200,000, AND WILL COMPLETE AN UNDERTAKING TO REVISE ITS AML POLICY AND PROVIDE A STATEMENT SIGNED BY THE AML COMPLIANCE OFFICER THAT THE REVISED AML POLICY COMPLIES WITH RULE 3310 WITHIN 30 DAYS OF RESOLUTION.

Disclosure 2 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN RELEASE 34-73499 / NOVEMBER 3, 2014: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST HAPOALIM SECURITIES USA, INC. ("HAPOALIM" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE 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 HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT: THESE PROCEEDINGS INVOLVE THE SALE OF NON-INVESTMENT GRADE OR "JUNK" BONDS ISSUED BY THE COMMONWEALTH OF PUERTO RICO ("PUERTO RICO") BY HAPOALIM, A REGISTERED BROKER-DEALER AND MUNICIPAL SECURITIES DEALER, TO

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	CUSTOMERS IN AMOUNTS BELOW THE MINIMUM DENOMINATION OF THE ISSUE. RULE G-15(F) PROMULGATED BY THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") PROHIBITS DEALERS FROM EFFECTING CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES IN AMOUNTS BELOW THE MINIMUM DENOMINATIONS OF THE ISSUES. MINIMUM DENOMINATIONS ARE GENERALLY INTENDED TO LIMIT SALES OF MUNICIPAL SECURITIES TO RETAIL INVESTORS FOR WHOM SUCH BONDS MAY NOT BE SUITABLE, BUT THE PROSCRIPTIONS OF RULE G-15(F) APPLY TO ALL TRANSACTIONS WITH CUSTOMERS, REGARDLESS OF WHETHER THE SECURITIES ARE SUITABLE FOR THE CUSTOMER. IN MARCH 2014, HAPOALIM VIOLATED MSRB RULE G-15(F) BY EXECUTING ONE UNSOLICITED SALES TRANSACTION IN THE PUERTO RICO BONDS WITH A CUSTOMER IN AN AMOUNT BELOW THE $100,000 MINIMUM DENOMINATION OF THE ISSUE ESTABLISHED BY THE ISSUER, PUERTO RICO, AND SPECIFIED IN THE OFFICIAL STATEMENT. THE LIMITED EXCEPTIONS PROVIDED UNDER MSRB RULE G-15(F) FOR CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES BELOW THE MINIMUM DENOMINATION OF AN ISSUE DID NOT APPLY TO THIS TRANSACTION. RESPONDENT INFORMED THE CUSTOMER OF THE RISKS OF TRADING IN THE 2014 BONDS BEFORE EXECUTING THE TRADE. AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED SECTION 15B(C)(1) OF THE EXCHANGE ACT.
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	11/03/2014
Docket/Case Number:	3-16233
Principal Product Type:	Other
Other Product Type(s):	NON-INVESTMENT GRADE OR "JUNK" BONDS
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	11/03/2014

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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 $54,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	ACCORDINGLY, IT IS HEREBY ORDERED THAT: RESPONDENT CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15B(C)(1) OF THE EXCHANGE ACT AND MSRB RULE G-15(F) . RESPONDENT IS CENSURED. RESPONDENT SHALL, WITHIN SEVEN (7) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF $54,000. RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED SECTION 15B(C)(1) OF THE EXCHANGE ACT.
Regulator Statement	IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY RESPONDENT. AFTER IT WAS MADE AWARE BY COMMISSION STAFF THAT IT HAD EFFECTED A CUSTOMER TRANSACTION IN THE 2014 BONDS BELOW THE MINIMUM DENOMINATION OF THE ISSUE, RESPONDENT CANCELLED THE TRANSACTION. RESPONDENT WILL UNDERTAKE TO REVIEW THE ADEQUACY OF ITS EXISTING POLICIES AND PROCEDURES RELATING TO COMPLIANCE WITH MSRB RULE G-15(F). AFTER THAT REVIEW, RESPONDENT WILL MAKE SUCH CHANGES AS ARE NECESSARY TO EFFECT COMPLIANCE WITH MSRB RULE G-15(F), INCLUDING ADOPTING NEW POLICIES AND PROCEDURES OR SUPPLEMENTING EXISTING POLICIES AND PROCEDURES. RESPONDENT WILL IMPLEMENT THESE POLICIES AND PROCEDURES, AND CONDUCT TRAINING AS TO THE POLICIES AND PROCEDURES AND COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL INFORM COMMISSION STAFF NO LATER THAN SIX (6) MONTHS AFTER THE ENTRY OF THIS ORDER THAT IT HAS COMPLIED WITH THE ABOVE UNDERTAKINGS.

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATIONS OF SECTIONB(C)(1) OF THE EXCHANGE ACT AND MSRB RULE 15(F)

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Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	03/17/2014
Docket/Case Number:	3-16233
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CEASE AND DESIST ORDER FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONB(C)(1) OF THE EXCHANGE ACT AND MSRB RULE 15(F) CENSURE
Resolution:	Order
Resolution Date:	11/03/2014
Sanctions Ordered:	Censure Monetary/Fine $54,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	CIVIL PENALTY - $54,000 PAID NOVEMBER 5TH, 2014
Firm Statement	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 $54,000.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULE G-14 - HAPOALIM SECURITIES USA, INC. IMPROPERLY REPORTED INFORMATION TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) THAT IT SHOULD NOT HAVE. THE FIRM IMPROPERLY REPORTED PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS WHEN THE INTER-DEALER DELIVERIES WERE STEP OUTS AND THUS, WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO THE RTRS.
Initiated By:	FINRA
Date Initiated:	08/27/2012

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Docket/Case Number:	2011028362901
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/27/2012
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 FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON SEPTEMBER 13, 2012.

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF MSRB RULE G-14. FIRM OVER REPORTED STEP OUT TRADES.
Initiated By:	FINRA
Date Initiated:	07/06/2011
Docket/Case Number:	20110283629-01
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure

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Other Sanction(s)/Relief Sought:	MONETARY FINE OF $7,500.00
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/27/2012
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	NONE
Sanction Details:	FINE - $7,500.00
Firm Statement	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 $7,500.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 6230(A) - HAPOALIM SECURITIES USA, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION.
Initiated By:	FINRA
Date Initiated:	06/16/2009
Docket/Case Number:	2007009085501
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:	06/16/2009

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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.

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATIONS OF NASD RULE 6230(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110.
Initiated By:	FINRA
Date Initiated:	06/16/2009
Docket/Case Number:	20070090855-01
Principal Product Type:	Other
Other Product Type(s):	FIXED INCOME
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE OF $7,500.00
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/16/2009
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	NONE
Sanction Details:	FINE - $7,500.00
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

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TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED $7,500.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULES 10B-10, 17A-3, 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 3110, 6955(A) - HAPOALIM SECURITIES USA, INC. TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS FAILED TO INCLUDE REQUIRED ROUTING INFORMATION, CONTAINING ONLY A NEW ORDER REPORT BUT FAILING TO CONTAIN AN ORDER ROUTE REPORT. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; EXECUTED SHORT SALE ORDERS THE RECORDS FOR WHICH IT FAILED TO PROPERLY MARK AS SHORT. THE FIRM FAILED TO SHOW THE CORRECT TIME OF ENTRY ON BROKERAGE ORDER MEMORANDA. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SUPERVISORY SYSTEMS, PROCEDURES AND QUALIFICATIONS; BEST EXECUTION; AND SALES TRANSACTIONS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED SUPERVISORY REVIEWS SET FORTH IN ITS SUPERVISORY PROCEDURES CONCERNING BEST EXECUTION; ANTI-INTIMIDATION AND COORDINATION; TRADE REPORTING AND SALES TRANSACTIONS.
Initiated By:	FINRA
Date Initiated:	09/24/2008
Docket/Case Number:	2006005174801
Principal Product Type:	Other
Other Product Type(s):	UNKNOWN TYPE OF SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	

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Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/24/2008
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine $15,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED $15,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING QUALITY OF MARKETS, SUPERVISORY SYSTEMS, PROCEDURES AND QUALIFICATIONS; BEST EXECUTION; SALES TRANSACTIONS; ANTI-INTIMIDATION AND COORDINATION; AND TRADE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source:	Firm
Current Status:	Final
Allegations:	SEC RULES 10B-10, 17A-3, 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 3110, 6955(A) - HAPOALIM SECURITIES USA, INC. TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS FAILED TO INCLUDE REQUIRED ROUTING INFORMATION, CONTAINING ONLY A NEW ORDER REPORT BUT FAILING TO CONTAIN AN ORDER ROUTE REPORT. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; EXECUTED SHORT SALE ORDERS THE RECORDS FOR WHICH IT FAILED TO PROPERLY MARK AS SHORT. THE FIRM FAILED TO SHOW THE CORRECT TIME OF ENTRY ON BROKERAGE ORDER MEMORANDA. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SUPERVISORY SYSTEMS, PROCEDURES AND QUALIFICATIONS; BEST

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	EXECUTION; AND SALES TRANSACTIONS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED SUPERVISORY REVIEWS SET FORTH IN ITS SUPERVISORY PROCEDURES CONCERNING BEST EXECUTION; ANTI-INTIMIDATION AND COORDINATION; TRADE REPORTING AND SALES TRANSACTIONS.
Initiated By:	FINRA
Date Initiated:	09/24/2008
Docket/Case Number:	2006005174801
Principal Product Type:	Other
Other Product Type(s):	UNKNOWN TYPE OF SECURITIES
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE OF $15,000.00, UNDERTAKING
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/24/2008
Sanctions Ordered:	Censure Monetary/Fine $15,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED $15,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. THE FINE WAS PAID ON 10/6/2008 VIA BANK WIRE .

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULES 17A-3, 17A-4, NASD RULES 3110 3370 - INVESTEC INCORPORATED ACCEPTED CUSTOMER SHORT SALE ORDERS IN SECURITIES AND, FOR EACH ORDER, FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM WOULD RECEIVE DELIVERY OF THE SECURITY ON BEHALF OF THE CUSTOMER OR THAT THE FIRM COULD BORROW THE SECURITY ON BEHALF OF THE CUSTOMER FOR DELIVERY BY SETTLEMENT DATE; AND THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST IN AN

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	ACCESSIBLE PLACE, THE MEMORANDUM OF BROKERAGE ORDERS.
Initiated By:	NASD
Date Initiated:	11/09/2004
Docket/Case Number:	CMS040175
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:	11/09/2004
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 $10,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INVESTEC CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED $10,000.

Reporting Source:	Firm
Current Status:	Final
Allegations:	NASD ALLEGED THAT THE FIRM FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION ON SIXTEEN CUSTOMER LONG SALES AND PRESERVE MEMORANDUM OF TWO CUSTOMER ORDER TICKETS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	04/27/2004
Docket/Case Number:	MRD 200340078/CMS 040175
Principal Product Type:	Equity - OTC

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Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	MONETARY FINE ($10,000)
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/09/2004
Sanctions Ordered:	Monetary/Fine $10,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FINE OF $10,000 ($7,500 FOR THE AFFIRMATIVEE DETERMINATION VIOLATIONS AND $2,500 FOR THE RECORDKEEPING VIOLATIONS) WAS PAID BY THE FIRM ON NOVEMBER 19, 2004.
Firm Statement	ON 11/09/2004 THE NASD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT PREVIOUSLY ACCEPTED BY THE FIRM. THE FIRM ACCEPTED THE ALLEGATIONS THAT THE FIRM FAILED TO PROPERLY ANNOTATE AN AFFIRMATIVE DETERMINATION ON SIXTEEN CUSTOMER SELL ORDERS AND THE FIRM FAILED TO PRESERVE THE MEMORANDUM OF TWO BROKERAGE ORDERS. THE FIRM PAID THE $10,000 FINE ON NOVEMBER 19, 2004.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 10B-10, NASD RULES 1022, 2110, 2320 - INVESTEC ERNST & COMPANY EMPLOYED AN INDIVIDUAL IN A PRINCIPAL CAPACITY WHO DID NOT HAVE THE REQUIRED REGISTRATION FOR A PRINCIPAL; FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; AND WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY.
Initiated By:	NASD
Date Initiated:	06/24/2004
Docket/Case Number:	CMS040087

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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:	06/24/2004
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 $11,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INVESTEC ERNST & COMPANY CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED $11,000, AND REQUIRED TO PAY $988.86, PLUS INTEREST, IN RESTITUTION TO PUBLIC CUSTOMERS. SATISFACTORY PROOF OF PAYMENT OF RESTITUTION, OR REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION SHALL BE SUBMITTED TO NASD NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BEVFORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE NASD MADE CERTAIN FINDINGS DURING A ROUTINE EXAMINATION IN 2002. SPECIFICALLY, THE NASD ALLEGED THE FOLLOWING: INVESTEC EMPLOYED AN INDIVIDUAL IN A PRINCIPAL CAPACITY WITHOUT THE PROPER REGISTRATION AND INVESTEC FAILED TO USE REASONABLE DILIGENCE IN ASCERTAINING THE BEST INTERDEALER MARKET IN FOUR

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	INSTANCES AND TO PROVIDE WRITTEN NOTIFICATION TO CUSTOMERS THAT IT ACTED AS A MARKET MAKER IN FOUR INSTANCES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/24/2004
Docket/Case Number:	CMS 040087
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/08/2004
Sanctions Ordered:	Censure Monetary/Fine $11,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS FINED $11,000.00 AND ORDERED TO PAY RESTITUTION TO CERTAIN INVESTORS TOTALING $988.86PLUS INTEREST. THE RESTITUTION AND FINE WERE PAID BY JULY 11, 2004.
Firm Statement	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INVESTEC (US) INCORPORATED CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS ON MARCH 28, 2003. ON JUNE 24, 2004, THE NASD ACCEPTED THE ORDER, AND NOTIFIED THE FIRM ON JULY 8, 2004. THE FINE AND RESTITUTION WERE PAID.

Disclosure 8 of 32

Reporting Source:	Firm
Current Status:	Final
Allegations:	INVESTEC DID NOT MAINTAIN ADEQUATE CONTROLS TO SUPERVISE AND MONITOR ELECTRONIC ORDERS BY ITS CUSTOMERS IN ORDER TO IDENTIFY UNBUNDLED ORDERS TRANSMITTED VIA INVESTEC'S AUTO-EX ACCOUNT
Initiated By:	PACIFIC EXCHANGE, INC.
Date Initiated:	06/24/2004

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Docket/Case Number:	0S0208147 AND 0S0208302
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE OF $6250.00
Resolution:	Consent
Resolution Date:	06/24/2004
Sanctions Ordered:	Censure Monetary/Fine $6,250.00
Other Sanctions Ordered:	
Sanction Details:	FINE HAS NOT YET BEEN PAID - AWAITING BILLING BY PACIFIC EXCHANGE, INC. NO PORTION OF PENALTY HAS BEEN WAIVED.
Firm Statement	CONSENT EXECUTED BY INVESTEC WITHOUT ADMITTING OR DENYING ALLEGATIONS. THE TWO (2) MATTERS, 0S0208147 AND 0S0208302 WERE COMBINED IN ONE SETTLEMENT AND REPORTED AS A SINGLE EVENT

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEE SUMMARY
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated:	03/07/2003
Docket/Case Number:	03-0007
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement

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Resolution Date:	05/07/2003
Sanctions Ordered:	Censure Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	A FIVE THOUSAND DOLLAR ($5,000) FINE AND A CENSURE.
Regulator Statement	INVESTEC ERNST, AN EXCHANGE MEMBER ORGANIZATION WAS CENSURED AND FINED $5,000 FOR THE FOLLOWING CONDUCT. ON OR ABOUT JUNE 19, 2001, ERNST FAILED TO EXERCISE DUE DILIGENCE ON BEHALF OF ERNST'S CLIENT, WHEREBY ERNST AND ITS PHONE CLERK FAILED TO TAKE ADEQUATE MEASURES TO ENSURE THAT THE VERBAL EXECUTION REPORT PROVIDED BY THE PRIMARY DPM CONCERNING AN ORDER THAT ERNST HAD ENTERED WITH THE DPM TO BUY 100 IDK OCT 35 PUTS AND SELL 100 IDK JAN 35 PUTS AT A NET PRICE OF $1.00 WAS HONORED ON BEHALF OF ERNST'S CUSTOMER. (CBOE RULES: 4.1 - JUST AND EQUITABLE PRINCIPLES OF TRADE; 4.2 - ADHERENCE TO LAW; AND 6.73(A) AND INTERPRETATION AND POLICY .03 THEREUNDER - RESPONSIBILITIES OF FLOOR BROKERS.)

Reporting Source:	Firm
Current Status:	Final
Allegations:	STATEMENT OF CHARGES ALLEGING THAT INVESTEC ERNST & COMPANY VIOLATED CHICAGO BOARD OPTION EXCHANGE RULES 4.1, 4.2, 6.73(A) AND INTERPRETATION AND POLICY .03.
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated:	03/17/2003
Docket/Case Number:	03-0007
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	MONETARY FINE & CENSURE
Resolution:	Settled
Resolution Date:	05/07/2003
Sanctions Ordered:	Censure

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	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM SETLED FOR $5000 AND CENSURE. THE CASE AGAINST BENZAQUEN WAS DISMISSED.

Disclosure 10 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	**09/20/2002** STIPULATION AND CONSENT AGREEMENT EXECUTED INVESTEC AGREED TO FINDINGS THAT IT ENABLED FOREIGN CUSTOMERS TO FUNNEL MILLIONS OF DOLLARS THROUGH WIRE TRANSFERS WITHOUT CREATING ANY UNDERLYING SECURITIES TRANSACTIONS; PERMITTED INDIVIDUALS AND COMPANIES, UNDER THE GUISE OF DOING BUSNESS AS PRIME BROKER SUB-ACCOUNTS, TO ENGAGE IN PRIME BROKER ACTIVITIES IN CIRCUMVENTION OF THE REQUIREMENTS OF SUCH ACTIVITIES; THE FIRM ALSO VIOLATED SEC REGS. 15C3-3(B)(1), 17A-3, A-4 AND A-8 AND EXCHANGE RULE 440 BY: FAILING TO EVIDENCE REASONABLE ACTION TO TAKE POSSESSION AND CONTROL OF SECURITIES; AND CAUSING ITS BOOKS AND RECORDS TO BE INADEQUATE; VIOLATED RULE 408(A) BY PERMITTING A THIRD PARTY TO EXERCISE DISCRETION WITHOUT WRITTEN AUTHORIZATION; VIOLATED RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE; VIOLATED REG. T AND EXCHANGE RULE 431(B) IN CONNECTION WITH ITS PRIME BROKERAGE ACTIVITIES; AND VIOLATED RULE 342 BY FAILING TO MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL. THE FIRM CONSENTED TO THE PENALTY OF A CENSURE AND A $740,000 FINE.
Initiated By:	NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT
Date Initiated:	09/20/2002
Docket/Case Number:	HPD# 02-197
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision

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Resolution Date:	11/29/2002
Sanctions Ordered:	Censure Monetary/Fine $740,000.00
Other Sanctions Ordered:	
Sanction Details:	**10/30/2002** HEARING PANEL DECISION #02-197 ISSUED BY NYSE HEARING PANEL. INVESTEC AGREED TO FINDINGS THAT IT ENABLED FOREIGN CUSTOMERS TO FUNNEL MILLIONS OF DOLLARS THROUGH WIRE TRANSFERS WITHOUT CREATING ANY UNDERLYNG SECURITIES TRANSACTIONS; PERMITTED INDIVIDUALS AND COMPANIES, UNDER THE GUISE OF DOING BUSINESS AS PRIME BROKER SUB-ACCOUNTS, TO ENGAGE IN PRIME BROKER ACTIVITIES IN CIRCUMVENTION OF THE REQUIREMENTS OF SUCH ACITVITIES; THE FIRM ALSO VIOLATED SEC REGS. 15C3-3(B)(1), 17A-3, A-4 AND A-8 AND EXCHANGE RULE 440 BY: FAILING TO KEEP ACCURATE BOOKS AND RECORDS; FAILING TO EVIDENCE POSSESSION AND CONTROL OF SECURITIES; FAILING TO EVIDENCE REASONABLE ACITON TO TAKE POSSESSION AND CONTROL OF SECURITIES; AND CAUSING ITS BOOKS AND RECORDS TO BE INADEQUATE; VIOLATED RULE 408(A) BY PERMITTING A THIRD PARTY TO EXERCISE DISCRETION WITHOUT WRITTEN AUTHORIZATION; VIOLATED RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE; VIOLATED REG. T AND EXCHANGE RULE 431(B) IN CONNECTION WITH ITS PRIME BROKERAGE ACTIVITIES; AND VIOLATED RULE 342 BY FAILING TO MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISON AND CONTROL. THE FIRM CONSENTED TO THE PENALTY OF A CENSURE AND $740,000 FINE.
Regulator Statement	**11/29/2002** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO (212) 656-8450.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF SEC REGULATIONS 15C3-3(B)(1), 17A-3, A-4 AND A-8, EXCHANGE RULES 440, 401, 408(A), 431(B) AND 342 AND REGULATION T.
Initiated By:	NEW YORK STOCK EXCHANGE
Date Initiated:	11/29/2002
Docket/Case Number:	02-197
Principal Product Type:	No Product
Other Product Type(s):	

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Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Stipulation and Consent
Resolution Date:	11/29/2002
Sanctions Ordered:	Censure Monetary/Fine $740,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS FINED $740,000 AND CENSURED RELATING TO EXCHANGE HEARING PANEL DECISION 02-197.
Firm Statement	WITHOUT ADMITTING OR DENYING GUILT, THE FIRM CONSENTED TO FINDINGS BY THE EXCHANGE HEARING PANEL THAT THE FIRM FAILED TO COMPLY WITH RELEVANT RULES AND REGULATIONS IN CONNECTION WITH THE FOLLOWING: SUSPICIOUS WIRE TRANSFERS, PRIME BROKERAGE ACTIVITIES, BOOKS AND RECORDS, DIRECT ACCESS FLOOR BROKERAGE, THIRD PARTY DISCRETIONARY AUTHORIZATION AND SUPERVISION AND CONTROL. THE SPECIFICS OF THE DECISION ARE SET FORTH IN EXCHANGE HEARING PANEL DECISION 02-197.

Disclosure 11 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULE 2110 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INVESTEC ERNST & COMPANY CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO FIXED INCOME PRICEING SYSTEM ("FIPS") TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION. THESE LATE TRANSACTIONS CONSITITUED 9.69% OF ALL TRANSACTIONS IN FIPS SECURITIES THAT RESPONDENT MEMBER REPORTED TO FIPS DURING THE PERIOD JUNE 29, 2001 THROUGH AUGUST 31, 2001.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/03/2002
Docket/Case Number:	CMS020232
Principal Product Type:	No Product
Other Product Type(s):	

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Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/03/2002
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	$5000.00 FINE.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED FAILURE TO REPORT TO FIXED INCOME PRICING SYSTEM("FIPS") TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION DURING THE PERIOD JUNE 29, 2001 THROUGH AUGUST 31, 2001.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	12/03/2002
Docket/Case Number:	CMS020232
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:	12/03/2002
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INVESTEC ERNST & COMPANY CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO FIXED INCOME PRICING SYSTEM ("FIPS") TRANSACTIONS IN

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FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION AND PAID A FINE OF $5000.00

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULE 3320, NASD MARKETPLACE RULE 4613(B), AND SEC RULE 11AC1-1 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER FIRM ("FIRM") CONSENTED TO THE ENTRY OF FINDINGS THAT IT WAS A MARKET MAKER IN SECURITIES, AND AN ORDER WAS PRESENTED TO THE FIRM AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE. THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/27/2002
Docket/Case Number:	CMS020175
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:	09/27/2002
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	A FINE OF $5,000.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF SEC RULE 11AC1-1, NASD CONDUCT RULE 3320 AND NASD MARKETPLACE RULE 4613B.

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Initiated By:	NASD REGULATION, INC.
Date Initiated:	09/05/2002
Docket/Case Number:	CMS020175AWC
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:	09/27/2002
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF $5000.00
Firm Statement	THE FIRM ACCEPTED AND CONSENTED WITH THE NASD REGULATION, INC. TO A $5000.00 FINE, WITHOUT ADMITTING OR DENYING ALLEGED VIOLATIONS OF 11AC1-1, NASD CONDUCT RULE 3320 AND NASD MARKETPLACE RULE 4613B, IN CONNECTION WITH ITS ORDER HANDLING RESPONSIBILITIES.

Disclosure 13 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 11AC1-4 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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Date Initiated:	01/02/2002
Docket/Case Number:	CMS010201
Principal Product Type:	Other
Other Product Type(s):	NASDAQ SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/02/2002
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	
Sanction Details:	CENSURED AND FINED $7,500

Reporting Source:	Firm
Current Status:	Final
Allegations:	NASDR MARKET REGULATION ALLEGED THAT ON SEVERAL OCCASIONS BETWEEN JUNE 12, 2000 AND JUNE 30, 2000 INVESTEC ERNST & COMPANY FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION.
Initiated By:	NASD REGULATION
Date Initiated:	01/07/2002
Docket/Case Number:	CMS010201 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/07/2002

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Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGED VIOLATIONS, INVESTEC ERNST & COMPANY CONSENTED TO THE IMPOSITION OF A CENSURE AND A $7500 FINE.

Disclosure 14 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULE 4613(E) - - RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	06/14/2001
Docket/Case Number:	CMS010082
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/12/2001
Sanctions Ordered:	Monetary/Fine $2,000.00
Other Sanctions Ordered:	
Sanction Details:	FINED $2,000.00

Reporting Source:	Firm

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Current Status:	Final
Allegations:	VIOLATION OF NASD MARKETPLACE RULE 4613 (E).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	06/14/2001
Docket/Case Number:	CMS010082AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/14/2001
Sanctions Ordered:	Monetary/Fine $2,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF $2000.

Disclosure 15 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 4632, 4642 AND 6620 - RESPONDENT MEMBER FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS TO NNM SECURITIES, NASDAQ SMALLCAP, OTC EQUITY, AND ACT ELIGIBLE SECURITIES, AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	02/16/2000
Docket/Case Number:	CMS000239
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	

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Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/21/2000
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	
Sanction Details:	NONE

Reporting Source:	Firm
Current Status:	Final
Appealed To and Date Appeal Filed:	N/A
Allegations:	RESPONDENT FAILED TO PROPERLY REPORT TRADES TO ACT.
Initiated By:	NASD REGULATION
Date Initiated:	02/16/2000
Docket/Case Number:	CMS000239AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	N/A
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/20/2000
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	N/A
Sanction Details:	FINE PAY DATE:12/20/2000
Firm Statement	NASD REGULATION FOUND INVESTEC ERNST & CO. TO BE IN VIOLATION OF NASD MARKETPLACE RULES 4632(A), 4642(A), 6620(A) AND NASD

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CONDUCT RULE 2110 AS THEY PERTAIN TO TRADE REPORTING.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD 6240(A) AND 6240(B) - RESPONDENT MEMBER FIRM REPORTED TRANSACTIONS IN FIPS SECURITIES TO FIPS THAT IT WAS NOT REQUIRED TO REPORT; REPORTED TRANSACTIONS IN HIGH-YIELD CORPORATE DEBT SECURITIES TO FIPS THAT IT WAS NOT REQUIRED TO REPORT.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/29/2000
Docket/Case Number:	CMS000193
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/29/2000
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	
Sanction Details:	A $5,000.00 FINE.

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF NASD MARKETPLACE RULE 6240(A) AND RULE 6240(B)
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	03/06/2000
Docket/Case Number:	CMS000193 AWC
Principal Product Type:	Debt - Corporate

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Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/28/2000
Sanctions Ordered:	Monetary/Fine $5,000.00
Other Sanctions Ordered:	FINE $5000
Sanction Details:	FINE $5000
Firm Statement	INVESTEC ERNST & COMPANY REPORTED TRANSACTIONS IN FIPS SECURITIES TO FIPS THAT IT WAS NOT REQUIRED TO REPORT.VIOLATION NASD MARKETPLACE RULE 6240(A) AND 6240(B).

Disclosure 17 of 32

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF CBOE RULES 4.2, 9.8, 12.1, 12.9, 15.9, SEC RULE 17A-3 AND 17A-4; NYSE RULE 431(F), SECTION 220.8 OF FRB REGULATION T.
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	02/01/1993
Docket/Case Number:	FILE NO. 93-0005
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	03/01/1994
Sanctions Ordered:	Censure Monetary/Fine $20,000.00

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Other Sanctions Ordered:	ERNST TO REVIEW MARGIN PROCEDURES AND COMPLIANCE MANUAL. ERNST TO ENGAGE AN INDEPENDENT C.P.A. TO REVIEW CERTAIN MARGIN PROCEDURES AND REPORT TO CBOE
Sanction Details:	FINED $20,000

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Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF CHICAGO BOARD OPTIONS EXCHANGE RULES 4.11, 4.1, 4.13, AND 9.8
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	06/02/1982
Docket/Case Number:	NONE GIVEN
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	06/02/1982
Sanctions Ordered:	Censure Monetary/Fine $15,000.00
Other Sanctions Ordered:	CENSURED
Sanction Details:	FINED $15,000

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Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ISSUED CHARGES AGAINST THE FIRM IN CONNECTION WITH EXCHANGE RULES 4.1, 4.2, 4.6, 6.43, 6.45(A) AND (B) IN THAT A FORMER EMPLOYEE SILENTLY CROSSED ORDERS AND USED THE ACRONYM OF ANOTHER BROKER

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Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	01/15/1996
Docket/Case Number:	NONE GIVEN
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	08/16/1996
Sanctions Ordered:	Monetary/Fine $10,000.00
Other Sanctions Ordered:	ESTABLISH WRITTEN PROCEDURES.
Sanction Details:	FINED $10,000
Firm Statement	THE FIRM AGREED TO PAY FINE TO THE EXCHANGE AND TO ESTABLISH WRITTEN PROCEDURES TO ENSURE PROPER CONDUCT BY ITS EMPLOYEES ON THE TRADING FLOOR.

Disclosure 20 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	02/12/1990
Docket/Case Number:	
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	

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Resolution:	Stipulation and Consent
Resolution Date:	02/12/1990
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	3/9/90-SEC NEWS DIGEST, ISSUE #90-29, DATED FEBRUARY 12, 1990 ADMINISTRATIVE PROCEEDINGS DISCLOSE: "OFFERS OF SETTLEMENT ACCEPTED FROM ERNST & COMPNY AND LEO BUQICCHIO"; IN PUBLIC ADMINISTRATIVE PROCEEDINGS ORDERED UNDER SECTIONS 15(b) AND 19(h) OF THE SECURITIES EXCHANGE ACT, ERNST & COMPANY (ERNST), A REGISTERED BROKER-DEALER LOCATED IN NEW YORK CITY, AND LEO BUQUICCHIO (BUQUICCHIO), THE CASHIER AND GENERAL PARTNER OF ERNST, SUBMITTED OFFERS OF SETTLEMENT WHICH THE COMMISSION ACCEPTED. ERNST & BUQUICCHIO, WITHOUT ADMITTING OR DENYING THE COMMISSION'S FINDINGS, CONSENTED TO AN ORDER INSTITUTING PUBLIC ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS (ORDER), WHICH FINDS THAT FROM ON OR ABOUT OCTOBER 26, 1987 TO ON OR ABOUT NOVEMBER 17, 1987, ERNST, AIDED AND ABETTED BY BUQUICCHIO, WILFULLY VIOLATED THE POSSESSION AND CONTROL PROVISIONS OF THE CUSTOMER PROTECTION RULE (EXCHANGE ACT RULE 15c3-3). THE ORDER CENSURES ERNST AND ORDERS THAT IT IMPLEMENT, AND COMPLY WITH, CERTAIN UNDERTAKINGS, AS OUTLINED IN THE ORDER, WHICH WILL HELP PREVENT THE RECURRENCE OF SIMILAR VIOLATIONS IN THE FUTURE. THE ORDER ALSO SUSPENDS BUQUICCHIO FROM ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT COMPANY, INVESTMENT ADVISER OR MUNICIPAL SECURITIES DEALER FOR A PERIOD OF 30 DAYS, AND LIMITS CERTAIN OF HIS ACTIVITIES WITH RESPECT TO THE POSSESSION AND CONTROL PROVISIONS OF THE CUSTOMER PROTECTION RULE FOR A PERIOD OF 12 MONTHS. (REL. 34-27674)

Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE PERIOD OCTOBER 26,1987 - NOVEMBER 17, 1987, AIDED AND ABETTED ERNST IN VIOLATION SECTION 15(C)(3) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3 THEREUNDER.

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Initiated By:	U.S. SECURITIES & EXCHANGE COMMISSION
Date Initiated:	12/05/1987
Docket/Case Number:	NONE GIVEN
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	02/05/1990
Sanctions Ordered:	Censure
Other Sanctions Ordered:	THE COMMISSION CENSURED ERNST AND MANDATED THAT IT TAKE CERTAIN REMEDIAL STEPS TO INSURE COMPLIANCE WITH THE POSSESSION AND CONTROL RULE. BUQUICCHIO WAS SUSPENDED FROM ASSOC. WITH ANY BD, INVEST. CO., IA, MUNICIPAL SECS. DEALER FOR 30 DAYS. ORDERED NOT TO ENGAGE IN ANY ACTIVITIES RELATING TO OR BE DIRECTLY INVOLVED WITH POSSESSION AND CONTROL PROVISIONS OF RULE 15C3-3
Sanction Details:	BUQUICCHIO SUSPENDED FOR 30 DAYS.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	ALLEGES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKETPLACE RULES 4632; 4642(A); 6130(D); 6620; SEPARATE AND DISTINCT VIOLATIONS OF SEC RULES 17A-3, 17A-4 AND NASD CONDUCT RULE 3110. VIOLATION OF NASD CONDUCT RULES 2110 AND 3010.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	11/24/1997
Docket/Case Number:	CMS970057 AWC
Principal Product Type:	No Product

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Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/24/1997
Sanctions Ordered:	Censure Monetary/Fine $12,000.00
Other Sanctions Ordered:	
Sanction Details:	ERNS WAS CENSURED AND FINED $12,000.
Regulator Statement	[TOP] LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) NO. CMS970057 AWC. ON 11/24/97 ERNST & COMPANY (ERNS) WAS NOTIFIED THAT THE AWC IT SUBMITTED WAS ACCEPTED BY NASD AND THE NATIONAL BUSINESS CONDUCT COMMITTEE. THE AWC ALLEGES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKETPLACE RULE 4632. ERNS FAILED TO DESIGNATE AS LATE TO ACT 36 TRANSACTIONS IN NASDAQ SMALLCAP SECURITIES WHICH CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKEPLACE RULE 4642(A); SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKETPLACE RULE 6130(D); A VOLATION OF NASD MARKETPLACE RULE 6620. ERNS FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS ONE MEMORANDUM OF A BROKERAGE ORDER; FAILED TO SHOW THE CORRECT EXECUTION TIME ON MEMORANDA OF 37 BROKERAGE ORDERS; FAILED TO SHOW THE TIME OF RECEIPT OF THE ORDER OR THE EXECUTION TIME ON MEMORANDA OF FIVE BROKERAGE ORDERS; AND FAILED TO REPORT TO ACT THE REPORTING SIDE EXECUTING BROKER AS "GIVE-UP" FOR 12 TRANSACTIONS IN ELIGIBLE SECURITIES; AND FAILED TO REPORT TO ACT THE CONTRA SIDE INTRODUCING BROKER IN THE CASE OF A "GIVE-UP" TRADE FOR TWO TRANSACTIONS IN ELIGIBLE SECURITIES. THIS CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKETPLACE RULE 6130(D). ERNS IMPROPERLY AGGREGATED INDIVIDUAL EXECUTIONS OF ORDERS IN AN OTC EQUITY SECURITY AT THE SAME PRICE, FOR TRANSACTION REPORTING PURPOSES, INTO A SINGLE TRANSACTION REPORT. THIS CONSTITUTES A VOLATION OF NASD MARKETPLACE RULE 6620. SEPARATE AND DISTINCT VIOLATIONS OF SEC RULES 17A-3, 17A-4 AND NASD CONDUCT RULE 3110. FINALLY, ERNS FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING

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TRADE REPORTING, LIMIT ORDERS, AND RECORD KEEPING. THIS CONSITUTES A VIOLATION OF NASD CONDUCT RULES 2110 AND 3010. ERNS WAS CENSURED AND FINED $12,000. *** $12,000 PAID ON 2/17/98, INVOICE NO. 98-MS-155 ***

Reporting Source:	Firm
Current Status:	Final
Allegations:	VARIOUS VIOLATIONS OF NASD TRADING AND TRADE REPORTING RULES; 2110, 3010, 3110(A), 4632(A), 4642(A), 6130(A), AND 6620.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/28/1997
Docket/Case Number:	CMS970057AWC
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/24/1997
Sanctions Ordered:	Censure Monetary/Fine $12,000.00
Other Sanctions Ordered:	FINED 12,000 AND CENSURED
Sanction Details:	FINED 12,000 AND CENSURE.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEE SUMMARY
Initiated By:	CBOE
Date Initiated:	08/13/1997
Docket/Case Number:	96-0063

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Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	
Sanctions Ordered:	Censure Monetary/Fine
Other Sanctions Ordered:	
Sanction Details:	CENSURE, $3,500 FINE AND ORDER TO COMPLETE UNDERTAKINGS.
Regulator Statement	ERNST & COMPANY, AN EXCHANGE MEMBER ORGANIZATION, WAS CENSURED, FINED $3,500 AND WAS ORDERED TO COMPLETE THE FOLLOWING UNDERTAKINGS: A) ERNST AGREES TO DEVELOP WRITTEN PROCEDURES FOR ENTRY AND TRANSMISSION OF RETAIL AUTOMATIC EXECUTION SYSTEM ("RAES") ORDERS THROUGH THE ERNST SYSTEM, CONSISTENT WITH EXCHANGE RAES ELIGIBILITY REQUIREMENTS, AND DISTRIBUTE THOSE PROCEDURES TO ALL ERNST EMPLOYEES AND TO ALL PERSONS AND ENTITIES HAVING ACCESS TO THE ERNST SYSTEM, WHICH PROCEDURES SHALL BE SUBMITTED TO THE EXCHANGE'S DEPARTMENT OF MARKET REGULATION FOR ADVANCE REVIEW WITHIN 90 DAYS OF ISSUANCE OF THE DECISION IN THIS MATTER; AND B) WITHIN 6 MONTHS OF ISSUANCE OF THE DECISION IN THIS MATTER, OBTAIN FROM ALL PERSONS AND ENTITIES HAVING ACCESS TO THE ERNST SYSTEM AND MAINTAIN, AS PART OF ERNST'S BOOKS AND RECORDS, SIGNED AGREEMENTS PURSUANT TO WHICH:(I) SAID PERSONS AND ENTITIES WITH ACCESS TO THE ERNST SYSTEM AGREE TO ABIDE BY ERNST'S WRITTEN PROCEDURES FOR ENTRY AND TRANSMISSION OF RAES ORDERS THROUGH THE ERNST SYSTEM; AND (II) SAID PERSONS AND ENTITIES WITH ACCESS TO THE ERNST SYSTEM AGREE TO REQUIRE ALL OTHERS HAVING ACCESS TO THEIR LINK TO THE ERNST SYSTEM TO ABIDE BY THE SAME. ON TWO TRADE DATES, ERNST FAILED TO PREVENT A NON-MEMBER

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BROKER-DEALER CORRESPONDENT FIRM OF ANOTHER FIRM TO WHOM ERNST
PROVIDED ORDER EXECUTION SERVICES, FROM ENTERING ONTO THE ERNST
ORDER ENTRY SYSTEM AN ORDER TO BUY LSI LOGIC CORPORATION (LSI)) PUT OPTION CONTRACTS AND AN ORDER TO BUY CHEYENNE SOFTWARE (CYE) CALL OPTION CONTRACTS ON BEHALF OF THE NON-MEMBER BROKER-DEALER CORRESPONDET FIRM'S PROPRIETARY ACCOUNT, WHICH
ORDERS WERE EXECUTED VIA RAES FOR NON-BROKER-DEALER CUSTOMER
ORDERS. (CBOE RULES 4.2 AND 6.8(a)(i))

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF EXCHANGE RULE 4.2,6.8(A)(I)
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	04/16/1996
Docket/Case Number:	FILE NO. 96-0063
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	08/03/1997
Sanctions Ordered:	Censure Monetary/Fine $3,500.00
Other Sanctions Ordered:	FINED $3500.00 AND CENSURE
Sanction Details:	ERNST & COMPANY SUBMITTED A LETTER OF CONSENT DATED AUGUST 3, 1997 WITHOUT ADMITTING OR DENYING VIOLATIONS OF CBOE RULES HAD BEEN COMMITTED, IN THAT, ON OR ABOUT FEBRUARY AND MARCH 1996 THE FIRM FAILED TO PREVENT A NON-MEMBER BROKER-DEALER FROM ENTERING PROPRIETARY ORDERS ONTO RAES, THE EXCHANGES RETAIL AUTOMATED EXECUTION SYSTEM FOR SMALL PUBLIC CUSTOMER

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ORDERS.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	see summary
Initiated By:	CBOE
Date Initiated:	06/30/1997
Docket/Case Number:	97-0016
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	06/30/1997
Sanctions Ordered:	Censure Monetary/Fine
Other Sanctions Ordered:	
Sanction Details:	Censured and jointly and severally fined $3,000.
Regulator Statement	Ernst & Company and Patrick Carroll, an Exchange member organization and its Operations Manager, respectively, were each censured and jointly and severally fined $3,000 for the following conduct. Ernst and Carroll allowed employees of an Exchange member organization who were not employees of Ernst, and who did not clear through Ernst, to access and use booth space allocated to Ernst by the Exchange. In accepting the Letter of Consent, the Committee considered Ernst's payment of eleven thousand dollars ($11,000) to the Exchange which represented all booth fees accrued during the period involved. (CBOE Rule 4.1, Securities Exchange Act Release 33972 (May 5, 1994), SR-CBOE-94-03, and Regulatory Circular RG94-37.)

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Reporting Source:	Firm
Current Status:	Final
Allegations:	THE BUSINESS CONDUCT COMMITTEE OF THE CBOE FOUND THAT ERNST & COMPANY AND PATRICK CARROLL VIOLATED EXCHANGE RULE 4.1 IN THAT THEY PERMITTED EMPLOYEES OF ANOTHER MEMBER ORGANIZATION ACCESS TO FLOOR BOOTH SPACE ALLOCATED TO ERNST BY THE EXCHANGE
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	02/27/1997
Docket/Case Number:	FILE NO. 97-0016
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	06/30/1997
Sanctions Ordered:	Censure Monetary/Fine $3,000.00
Other Sanctions Ordered:	
Sanction Details:	FINED $3000.00 AND EACH SUBJECT TO CENSURE.
Firm Statement	BY WAY OF A LETTER OF CONSENT DATED MAY 20, 1997 ERNST & COMPANY AND ITS EMPLOYEE PATRICK CARROLL (MANAGER OF FLOOR OPERATIONS-CBOE) WERE JOINTLY AND SEVERALLY FINED $3,000 AND EACH SUBJECT TO CENSURE.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	see summary
Initiated By:	CBOE
Date Initiated:	12/20/1996

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Docket/Case Number:	96-0052
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision
Resolution Date:	12/20/1996
Sanctions Ordered:	Censure Monetary/Fine $1,500.00
Other Sanctions Ordered:	
Sanction Details:	censured and fined in the amount of $1,500
Regulator Statement	During the period from June 9, 1995 through December 18, 1995, Ernst permitted a non-member of the Exchange to conduct a futures execution business from Ernst's booth space on the Exchange trading floor. (CBOE Rule 4.1)

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF EXCHANGE RULE 4.1
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	12/20/1996
Docket/Case Number:	FILE NO. 96-0052
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	12/20/1996

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Sanctions Ordered:	Censure Monetary/Fine $1,500.00
Other Sanctions Ordered:	
Sanction Details:	$1500.00 FINE AND CENSURE

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/02/1995
Docket/Case Number:	CMS950116AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/28/1995
Sanctions Ordered:	Monetary/Fine $2,500.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS950116 AWC (AWC) FILED ON OCTOBER 2, 1995 BY THE MARKET SURVEILLANCE COMMITTEE (MSC) AGAINST ERNST & COMPANY (ERNS) ALLEGING VIOLATIONS OF SECTION c)2(E) OF THE RULES OF PRACTICE AND PROCEDURE FOR SOES IN THAT ON 4 OCCASIONS, ERNS ENTERED ORDERS ON AN AGENCY BASIS INTO SOES FOR SECURITIES FOR WHICH IT WAS A REGISTERED MARKET MAKER, CONTRARY TO THE PROVISIONS OF THE SOES RULES.

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THE MSC IMPOSED A $2,500 FINE AGAINST ERNS. THE AWC BECAME FINAL ON DECEMBER 28, 1995.

$2,500.00 PAID ON 01/24/96, INVOICE # 96-12-55

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATIONS OF SECTION C)2(E) OF THE RULES OF PRACTICE AND PROCEDURE FOR SOES AND ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/02/1995
Docket/Case Number:	COMPLAINT NUMBER CMS950116
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	12/28/1995
Sanctions Ordered:	Monetary/Fine $2,500.00
Other Sanctions Ordered:	
Sanction Details:	FINED $2500.00

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	AMERICAN STOCK EXCHANGE
Date Initiated:	10/09/1979
Docket/Case Number:	

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Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 10/09/1979

Sanctions Ordered: Monetary/Fine $250.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement OCTOBER 9 1979 - ERNST & CO. - SPECIALIST UNIT; ARONSON, BERNARD & CO., INC.; POSTER, DENNIS; REICHHELM, GEORGE; ALL OF NEW YORK,NY - VIOLATION OF AMERICAN STOCK EXCHANGE RULE 904 RESPONDENTS FINED $250.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF AX RULE 904

Initiated By: AMERICAN STOCK EXCHANGE

Date Initiated: 10/09/1979

Docket/Case Number: UNKNOWN

Principal Product Type: No Product

Other Product Type(s): UNKNOWN

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 10/09/1979

Sanctions Ordered: Monetary/Fine $250.00

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Other Sanctions Ordered:	FINE $250.00
Sanction Details:	FINE $250.00
Firm Statement	OCTOBER 9, 1979 - ERNST & CO. - SPECIALIST UNIT; ARONSON, BERNARD & CO., INC.; POSTER, DENNIS;REICHHELM, GEORGE;ALL OF NEW YORK, NY - VIOLATION OF AMERICAN STOCK EXCHANGE RULE 904 RESPONDENTS FINED $250.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	AMERICAN STOCK EXCHANGE
Date Initiated:	05/24/1985
Docket/Case Number:	
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	05/24/1985
Sanctions Ordered:	Censure Monetary/Fine $20,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	AMERICAN STOCK EXCHANGE WEEKLY BULLETIN, MAY 24, 1985 DISCLOSES: ERNST & COMPANY, RAYMOND HOFER, JR., MANAGER OF ERNST & CO.'S CHICAGO BRANCH OFFICE AND WILLIAM BEHRENS, A PARTNER AND THE COMPLIANCE REGISTERED OPTIONS PRINCIPAL OF ERNST & CO. WERE DISCIPLINED BY THE EXCHANGE FOR VIOLATING EXCHANGE RULES RELATED TO THE OPERATION OF A PUBLIC OPTIONS BUSINESS. ERNST & CO. WAS CENSURED AND FINED $20,000 FOR VIOLATING EXCHANGE RULES 921,411,904,460,462 AND 464. HOFER

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WAS CENSURED FOR VIOLATING EXCHANGE RULES 320 AND 411 AND BEHRENS WAS CENSURED FOR VIOLATING EXCHANGE RULE 922. ERNST & CO, HOFER AND BEHRENS SETTLED THE CHARGES WITHOUT ADMITTING
OR DENYING THE EXCHANGE'S ALLEGATIONS.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ERNST & COMPANY VIOLATED EXCHANGE RULES 921, 411, 904, 460, 462, 464, AND RULE 621. HOFER, RAYMOND JR. VIOLATED EXCHANGE RULES 320 AND 4.11 BEHRENS VIOLATED EXCHANGE RULE 922.
Initiated By:	AMERICAN STOCK EXCHANGE
Date Initiated:	02/07/1984
Docket/Case Number:	84-D-15
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	01/31/1985
Sanctions Ordered:	Censure Monetary/Fine $20,000.00
Other Sanctions Ordered:	ERNST & COMPANY: RAYMOND HOFER JR. MANAGER OF ERNST & CO'S CHICAGO BRANCH OFFICE AND WILLIAM P. BEHRENS, A PARTNER AND THE COMPLIANCE REGISTERED OPTIONS PRINCIPAL OF ERNST & CO. WERE DISCIPLINED BY THE EXCHANGE FOR VIOLATING EXCHANGE RULES RELATED TO THE OPERATION OF A PUBLIC BUSINESS.
Sanction Details:	FINED $20,000

Reporting Source:	Firm
Current Status:	Final

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Allegations:	ERNST & COMPANY VIOLATED EXCHANGE RULES 921, 411, 904, 460, 462, 464, AND RULE 621. HOFER, RAYMOND JR. VIOLATED EXCHANGE RULES 320 AND 4.11 BEHRENS VIOLATED EXCHANGE RULE 922.
Initiated By:	AMERICAN STOCK EXCHANGE
Date Initiated:	02/07/1984
Docket/Case Number:	84-D-15
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	01/31/1985
Sanctions Ordered:	Censure Monetary/Fine $20,000.00
Other Sanctions Ordered:	ERNST & COMPANY: RAYMOND HOFER JR. MANAGER OF ERNST & CO'S CHICAGO BRANCH OFFICE AND WILLIAM P. BEHRENS, A PARTNER AND THE COMPLIANCE REGISTERED OPTIONS PRINCIPAL OF ERNST & CO. WERE DISCIPLINED BY THE EXCHANGE FOR VIOLATING EXCHANGE RULES RELATED TO THE OPERATION OF A PUBLIC BUSINESS.
Sanction Details:	FINED $20,000

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	03/19/1984
Docket/Case Number:	
Principal Product Type:	
Other Product Type(s):	

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Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision
Resolution Date:	03/19/1984
Sanctions Ordered:	Monetary/Fine $250.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	MARCH 19, 1984 - ERNST & CO. - VIOLATIONS OF PART I, SECTION C.3(A) OF SCHEDULE D OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. BY-LAWS DURING THE PERIOD 12/12/83 THROUGH 1/31/84. FINED $250.00

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF PART I SECTION 3(A) OF SCHEDULE D OF NASD BY-LAWS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	03/19/1984
Docket/Case Number:	UNKNOWN
Principal Product Type:	No Product
Other Product Type(s):	UNKNOWN
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision
Resolution Date:	03/19/1984
Sanctions Ordered:	Monetary/Fine $250.00
Other Sanctions Ordered:	FINE $250
Sanction Details:	FINE $250

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Firm Statement	MARCH 19, 1984 - ERNST & CO. - VIOLATION OF PART I, SECTION C.3(A) OF SCHEDULE D OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. BY-LAWS DURING THE PERIOD 12/12/83 THROUGH 1/31/84. FINED $250.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT, A MEMBER ORGANIZATION, VIOLATED SEC REGULATION 240.17A-3(A)(11) IN THAT IT FAILED TO COMPUTE ITS CAPITAL IN ACCORDANCE WITH THE REQUIREMENTS OF REGULATION 240.15C3-1; SEC REGULATION 240.15C3-3(B) AND (D) IN THAT IN PARTICULAR INSTANCES IT FAILED PROMPTLY TO OBTAIN AND MAINTAIN THE PHYSICAL POSSESSION OR CONTROL OF ALL FULLY PAID SECURITIES AND EXCESS MARGIN SECURITIES IT CARRIED FOR THE ACCOUNT OF CUSTOMERS; SEC REGULATIONS 240.8C-1 AND 240.15C3-3(B)(1) IN THAT THE FIRM USED CUSTOMERS FULLY PAID SECURITIES AS COLLATERAL TO SECURE A FIRM BANK LOAN; SEC REGULATION 240.15C3-3(E) IN THAT, DUE TO AN INCORRECT COMPUTATION, IT WAS DEFICIENT IN THE AMOUNT DEPOSITED IN ITS SPECIAL RESERVE BANK ACCOUNT CAUSING A HINDSIGHT DEFICIENCY; REGULATION 240.15C3-3(F), IN THAT IT DID NOT HAVE A WRITTEN AGREEMENT WITH A BANK WITH RESPECT TO THE ESTABLISHMENT OF ITS SPECIAL RESERVE BANK ACCOUNT; SEC REGULATIONS 240.15C3-3(M) AND (N), IN THAT SECOND EXTENSIONS OF TIME WERE NOT OBTAINED AND PROCEEDS OF SALE OF RESTRICTED OR LOST SECURITIES WERE UTILIZED BY CUSTOMERS BEFORE THE RESTRICTION WAS CLEARED OR THE SECURITIES WERE REPLACED; SEC REGULATION 240.15C3-3(G), IN THAT IT MADE CERTAIN WITHDRAWALS FROM ITS SPECIAL RESERVE BANK ACCOUNT WITHOUT FIRST PREPARING A COMPUTATION OF ITS RESERVE REQUIREMENT; EXCHANGE RULE 342(B), IN THAT IT FAILED TO PROVIDE FOR APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL AND TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO ASSURE COMPLIANCE WITH EXCHANGE RULES, SEC AND CFTC REGULATIONS AND REGULATION T.
Initiated By:	NEW YORK STOCK EXCHANGE
Date Initiated:	05/22/1986
Docket/Case Number:	86-40
Principal Product Type:	Other
Other Product Type(s):	UNKNOWN TYPE OF SECURITIES

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Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	05/22/1986
Sanctions Ordered:	Monetary/Fine $25,000.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO $25,000 FINE.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ERNST & COMPANY - VIOLATION SEC REGULATIONS 240.17A3(A)(11) 240.15C(3-3) (B), (D), (E), (F), (M), (G), - NEW YORK STOCK EXCHANGE RULE 342 (B)
Initiated By:	NEW YORK STOCK EXCHANGE, INC.
Date Initiated:	03/06/1986
Docket/Case Number:	NONE GIVEN
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	05/22/1986
Sanctions Ordered:	Censure Monetary/Fine $25,000.00
Other Sanctions Ordered:	CENSURE
Sanction Details:	FINED $25,000

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/23/1993
Docket/Case Number:	CMS 930045 AWC (A)
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/03/1994
Sanctions Ordered:	Monetary/Fine $1,200.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	1/5/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930045 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED SEPTEMBER 23, 1993 ALLEGING VIOATIONS OF SECTION (c) 2(D) IN THAT RESPONDENTS ENTERED ORDERSA ON AN AGENCY BASIS INTO SOES FOR SECURITIES IN WHICH THEY WERE REGISTERED MARKET MAKERS, CONTRARY TO THE PROVISIONS OF THE ASSOCIATION'S RULES OF PRACTICE AND PROCEDURE FOR SOES: THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON NOVEMBER 30, 1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JANUARY 3, 1994. **$1,200 FINE. **$1,200.00 PAID ON 2/1/94 INVOICE #94-MS-50

Reporting Source:	Firm

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Current Status:	Final
Allegations:	RESPONDENT ENTERED ORDERS ON AN AGENCY BASIS INTO SOES FOR SECURITIES IN WHICH THEY WERE REGISTERED MARKET MAKERS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/23/1993
Docket/Case Number:	CMS 930045 AWC(A)
Principal Product Type:	Other
Other Product Type(s):	UNKNOWN
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/03/1994
Sanctions Ordered:	Monetary/Fine $1,200.00
Other Sanctions Ordered:	FINE $1200
Sanction Details:	FINE PAID 2/1/94
Firm Statement	1/5/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930045 AWC (A) LETTER OF ACCEOTANCE, WAIVER AND CONSENT FILED SEPTEMBER 23, 1993 ALLEGING VIOLATIONS OF SECTION (C)2(D) IN THAT RESPONDENTS ENTERED ORDERS ON AN AGENCY BASIS INTO SOES FOR SECURITRIES IN WHICH THEY WERE REGISTERED MARKET MAKERS, CONTRARY TO THE PROVISIONS OF THE ASSOCIATION'S RULES OF PRACTICE AND PROCEDURE FOR SOES: THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 11/30/93 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 1/3/94. **$1,200 FINE PAID 2/1/94 INVOICE #94-MS-50

Disclosure 31 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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Date Initiated:	12/03/1987
Docket/Case Number:	MS-637-AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/15/1988
Sanctions Ordered:	Monetary/Fine $500.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-637-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED DECEMBER 3, 1987 AGAINST RESPONDENT ERNST & COMPANY ALLEGING VIOLATIONS OF PART VI, SECTION 4(a) OF SCHEDULE D IN THAT RESPODNENTS FAILED TO REPORT ITS NASDAQ VOLUME. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON JANUARY 29, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON FEBRUARY 15, 1988. $500 FINE $500 FINE PAID 12/16/87

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATION OF SCHEDULE D & G OF NASD BY-LAWS. (PARTVI SECTION4(A).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/03/1987
Docket/Case Number:	MS-637-AWC

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Principal Product Type:	No Product
Other Product Type(s):	FAILED TO REPORT NASDAQ VOLUME ON 3 OCCASIONS.
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/15/1988
Sanctions Ordered:	Monetary/Fine $500.00
Other Sanctions Ordered:	FINE $500
Sanction Details:	FINE PAID $500 12/16/87
Firm Statement	MARKET SURVEILLANCE COMMITTE COMPLAINT #MS-637-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED DECEMBER 3, 1987 AGAINST RESPONDENT ERNST & COMPANY ALLEGING VIOLATIONS OF PART VI, SECTION4(A) OF SCHEDULE D IN THAT RESPONDENTS FAILED TO REPORT ITS NASDAQ VOLUME. THE AWC WAS ACCEPTED BY THE MARKETS SURVEILLANCE COMMITTEE ON 1/29/88 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 2/15/88. $500 FINE $500 FINE PAID 12/16/87.

Disclosure 32 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/30/1987
Docket/Case Number:	MS-554-AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	

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Resolution:	Consent
Resolution Date:	08/17/1987
Sanctions Ordered:	Monetary/Fine $250.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-554-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) ALLEGES VIOLATIONS OF PART VI, SECTION 4(a) OF SCHEDULE D IN THAT RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 8/3/87 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/17/87. $250 FINE PAID

Reporting Source:	Firm
Current Status:	Final
Allegations:	VIOLATIONS OF PART VI, SECT4(A) OF SCHEDULE D. FINE PAID.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/30/1987
Docket/Case Number:	MS-554-AWC
Principal Product Type:	No Product
Other Product Type(s):	FAILED TO REPORT NASDAQ VOLUME.
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	08/17/1987
Sanctions Ordered:	Monetary/Fine $250.00
Other Sanctions Ordered:	FINE $250.00
Sanction Details:	PAID $250 FINE

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Firm Statement	MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-554-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) ALLEGES VIOLATIONS OF PART VI, SECTION 4(A) OF SCHEDULE D IN THAT RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 8/3/87 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/17/87. $250.00 FINE PAID.

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Civil - Pending

This type of disclosure event involves a pending civil court action that with seek an injunction to cease certain investment-related activity or alleges a violation of any investment-related statute or regulation.

Disclosure 1 of 1

Reporting Source:	Firm
Current Status:	Pending
Allegations:	THE BANK PREVIOUSLY RECEIVED A COMPLAINT AND A CLAIM FOR $10,000,000 ALLEGING VARIOUS COUNTS OF MISCONDUCT BY HAPOALIM SECURITIES USA, INC. ("HSU"), EDWARD CHAN (FORMER HSU EMPLOYEE),PATRICIA AGUIAR, FABIO D'ASCOLA, AND BILL BURCKHART. THE CLAIM WAS BROUGHT ON BEHALF OF THE PALM BEACH MARITIME MUSEUM, INC., A FLORIDA CHARTER SCHOOL. THE COMPLAINT DIRECTS 9 (OUT OF 26) "COUNTS" AGAINST HSU: SECURITIES FRAUD (EXCHANGE ACT §10(B); AND CHAPTER 517, FLORIDA STATUTES); COMMON LAW FRAUD; MISREPRESENTATION; NEGLIGENT MISREPRESENTATION; FAILURE TO PROPERLY SUPERVISE, FRAUDULENT OMISSION; BREACH OF FIDUCIARY DUTY; CONSPIRACY TO DEFRAUD; AND AIDING-AND-ABETTING JOHN GRANT'S BREACH OF FIDUCIARY DUTY. THE CLAIM AMOUNT HAS RECENTLY BEEN UPDATED TO $23.15 MILLION.
Initiated By:	PALM BEACH MARITIME MUSEUM, INC.
Court Details:	UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA (WEST PALM BEACH) CASE NO. 18-CV-80596-DMM
Date Court Action Filed:	05/08/2018
Date Notice/Process Served:	05/29/2018
Principal Product Type:	Other
Other Product Types:	MUNICIPAL SECURITIES UNDERWRITING
Relief Sought:	Civil Penalty(ies)/Fine(s)
Other Relief Sought:	
Firm Statement	HSU IS IN THE PROCESS OF PREPARING A CIVIL ANSWER TO THE COMPLAINT AND IS REVIEWING THE UNDERLYING FACTS GIVING RISE TO THE COMPLAINT. HSU EXPECTS TO ENGAGE IN A VIGOROUS DEFENSE

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Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.
The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	10/18/2000
Case Number:	00-04410
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	$5,000,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/20/2002
Sum of All Relief Awarded:	$300,000.01

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

Disclosure 2 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-MARGIN CALLS
Arbitration Forum:	NASD
Case Initiated:	04/20/2001
Case Number:	01-01967

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Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	$200,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/01/2003
Sum of All Relief Awarded:	$20,000.00

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

Disclosure 3 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum:	NASD
Case Initiated:	01/31/2002
Case Number:	02-00457
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	$1,000,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/02/2003
Sum of All Relief Awarded:	$783,375.01

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

Disclosure 4 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	04/25/2005

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Case Number:	05-02150
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	$100,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/21/2005
Sum of All Relief Awarded:	$2,500.00

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

Disclosure 5 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
Arbitration Forum:	NASD
Case Initiated:	10/17/1991
Case Number:	91-03096
Disputed Product Type:	COMMON STOCK; CORPORATE BONDS; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST
Sum of All Relief Requested:	$200,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/13/1992
Sum of All Relief Awarded:	$25,632.83

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

Disclosure 6 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED

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Arbitration Forum:	NASD
Case Initiated:	07/14/1992
Case Number:	92-02141
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	$150,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/16/1993
Sum of All Relief Awarded:	$25,627.00

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

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End of Report

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