

## BrokerCheck Report

### WORLD EQUITY GROUP, INC.

CRD# 29087

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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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



## WORLD EQUITY GROUP, INC.

CRD# 29087

SEC# 8-44088

### Main Office Location

425 N MARTINGALE ROAD  
SUITE 1220  
SCHAUMBURG, IL 60173  
Regulated by FINRA Chicago Office

### Mailing Address

425 N MARTINGALE ROAD  
SUITE 1200  
SCHAUMBURG, IL 60173

### Business Telephone Number

847-342-1700

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

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

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a corporation.

This firm was formed in Illinois on 09/13/1991.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

This firm is registered with:

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

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

This firm conducts 13 types of businesses.

This firm is affiliated with financial or investment institutions.

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

### Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	12



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Illinois on 09/13/1991.

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.

**WORLD EQUITY GROUP, INC.**

**Doing business as WORLD EQUITY GROUP, INC.**

**CRD#** 29087

**SEC#** 8-44088

### Main Office Location

425 N MARTINGALE ROAD  
SUITE 1220  
SCHAUMBURG, IL 60173

**Regulated by FINRA Chicago Office**

### Mailing Address

425 N MARTINGALE ROAD  
SUITE 1200  
SCHAUMBURG, IL 60173

### Business Telephone Number

847-342-1700



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	WENTWORTH MANAGEMENT SERVICES, LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	OWNER
<b>Position Start Date</b>	05/2021
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	DUDAS, STEPHEN STANLEY 4820047
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRESIDENT
<b>Position Start Date</b>	01/2024
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	GOULD, CRAIG MICHAEL 2367293
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF EXECUTIVE OFFICER
<b>Position Start Date</b>	05/2021

## 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?**

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**Legal Name & CRD# (if any):** LISHCHYNSKY, MARK JOHN JR  
2478952

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

**Position** CHIEF OPERATING OFFICER

**Position Start Date** 07/2013

**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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**Legal Name & CRD# (if any):** WEBB, WILLIAM DUDLEY JR  
1256777

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 11/2019

**Percentage of Ownership** Less than 5%

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

**Is this a public reporting company?** No

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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):	BINAH CAPITAL GROUP, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	WENTWORTH MANAGEMENT SERVICES, LLC
Relationship to Direct Owner	OWNER
Relationship Established	03/2024
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	Yes

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## Firm History

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

No information reported.







Firm Operations

Registrations

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

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

Federal Regulator	Status	Date Effective
SEC	Approved	02/21/1992

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer:    Yes

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

A government securities broker or dealer only:    No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	06/09/1992



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	05/18/2000
Alaska	Approved	02/28/2005
Arizona	Approved	03/25/1998
Arkansas	Approved	06/03/1999
California	Approved	06/11/1992
Colorado	Approved	02/18/1994
Connecticut	Approved	01/05/2000
Delaware	Approved	04/28/2005
District of Columbia	Approved	06/10/1993
Florida	Approved	05/13/1994
Georgia	Approved	05/12/1993
Hawaii	Approved	02/22/2006
Idaho	Approved	07/02/2001
Illinois	Approved	06/10/1992
Indiana	Approved	04/16/1993
Iowa	Approved	05/14/1993
Kansas	Approved	04/29/1998
Kentucky	Approved	08/18/1993
Louisiana	Approved	07/02/2001
Maine	Approved	12/02/2004
Maryland	Approved	04/05/1993
Massachusetts	Approved	06/27/2001
Michigan	Approved	08/27/1993
Minnesota	Approved	06/12/1992
Mississippi	Approved	08/31/2000
Missouri	Approved	05/05/1994
Montana	Approved	04/06/2000
Nebraska	Approved	05/09/2000
Nevada	Approved	02/11/2000
New Hampshire	Approved	06/02/1998
New Jersey	Approved	07/13/1992
New Mexico	Approved	05/28/1993
New York	Approved	06/05/1992

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/13/1992
North Dakota	Approved	05/31/2006
Ohio	Approved	06/24/1992
Oklahoma	Approved	03/22/2000
Oregon	Approved	01/19/2006
Pennsylvania	Approved	07/29/1992
Puerto Rico	Approved	01/27/2006
Rhode Island	Approved	02/14/2005
South Carolina	Approved	03/03/2000
South Dakota	Approved	04/28/1999
Tennessee	Approved	02/25/2000
Texas	Approved	06/22/1992
Utah	Approved	03/09/1998
Vermont	Approved	07/05/2000
Virgin Islands	Approved	04/19/2010
Virginia	Approved	03/14/1994
Washington	Approved	06/16/1993
West Virginia	Approved	06/05/2001
Wisconsin	Approved	07/02/1992
Wyoming	Approved	04/24/2003



## 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 13 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Trading securities for own account
Private placements of securities



## 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.

<b>Name:</b>	PERSHING LLC
<b>CRD #:</b>	7560
<b>Business Address:</b>	ONE PERSHING PLAZA JERSEY CITY, NJ 07399
<b>Effective Date:</b>	05/22/2007
<b>Description:</b>	CUSTOMER TRANSACTIONS ARE PROCESSED ON A FULLY DISCLOSED BASIS THROUGH THE CLEARING FIRM, PERSHING LLC.

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<b>Name:</b>	RBC CAPITAL MARKETS, LLC
<b>CRD #:</b>	31194
<b>Business Address:</b>	515 OLIVE, 9TH FLOOR ST. LOUIS, MO 63101
<b>Effective Date:</b>	03/26/1993
<b>Description:</b>	CUSTOMER TRANSACTIONS ARE PROCESSED ON A FULLY DISCLOSED BASIS THROUGH THE CLEARING FIRM RBC CAPITAL MARKETS, LLC.

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## **Firm Operations**

### **Industry Arrangements**



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

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

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

#### **Control Persons/Financing**

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

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



## Firm Operations

### Organization Affiliates

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

**This firm is, 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.**

**BENEFIT FUNDING SERVICES, LLC is under common control with the firm.**

<b>CRD #:</b>	44079
<b>Business Address:</b>	1650 N. ARLINGTON HEIGHTS ROAD SUITE 100 ARLINGTON HEIGHTS, IL 60004
<b>Effective Date:</b>	11/01/2019
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	CONTROL AFFILIATE/CCO WILLIAM WEBB IS PRESIDENT/CCO OF BENEFIT FUNDING SERVICES, LLC.

**CL WEALTH MANAGEMENT LLC is under common control with the firm.**

<b>CRD #:</b>	134922
<b>Business Address:</b>	200 VESEY STREET 24TH FOOR NEW YORK, NY 10281
<b>Effective Date:</b>	05/17/2021
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** CL WEALTH MANAGEMENT, LLC IS AN SEC-REGISTERED INVESTMENT ADVISER THAT IS UNDER COMMON OWNERSHIP WITH WORLD EQUITY GROUP, INC. THROUGH PKS HOLDINGS, LLC.

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**PKS ADVISORY SERVICES, LLC is under common control with the firm.**

**CRD #:** 125648

**Business Address:** 18 CORPORATE WOODS BOULEVARD  
ALBANY, NY 12211

**Effective Date:** 05/17/2021

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** PKS ADVISORY SERVICES, LLC IS AN SEC-REGISTERED INVESTMENT ADVISER THAT IS UNDER COMMON OWNERSHIP WITH WORLD EQUITY GROUP, INC. THROUGH PKS HOLDINGS, LLC.

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**BROADSTONE SECURITIES is under common control with the firm.**

**CRD #:** 101600

**Business Address:** 21415 CIVIC CENTER DRIVE  
SUITE 200  
SOUTHFIELD, MI 48076

**Effective Date:** 05/17/2021

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** BROADSTONE SECURITIES IS A FINRA-REGISTERED BROKER-DEALER THAT IS UNDER COMMON OWNERSHIP WITH WORLD EQUITY GROUP, INC. THROUGH WENTWORTH MANAGEMENT SERVICES, LLC.

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**CABOT LODGE SECURITIES LLC is under common control with the firm.**

## Firm Operations



### Organization Affiliates (continued)

<b>CRD #:</b>	159712
<b>Business Address:</b>	200 VESEY STREET 24TH FLOOR NEW YORK, NY 10281
<b>Effective Date:</b>	05/17/2021
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	OWNED BY PKS HOLDINGS WHICH IS OWNED BY WENTWORTH MANAGEMENT SERVICE

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#### PURSHE KAPLAN STERLING INVESTMENTS is under common control with the firm.

<b>CRD #:</b>	35747
<b>Business Address:</b>	80 STATE STREET ALBANY, NY 12207
<b>Effective Date:</b>	05/17/2021
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	PURSHE KAPLIN STERLING IS OWNED BY PKS HOLDINGS WHICH IS OWNED BY WENTWORTH MANAGEMENT SERVICE, LLC

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

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







Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	12	0



## Disclosure Event Details

### What you should know about reported disclosure events:

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

### Regulatory - Final

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

### Disclosure 1 of 12

**Reporting Source:** Regulator

**Current Status:** Final



<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN THE TIME REQUIRED. THE FINDINGS STATED THAT THE FIRM'S LATE REPORTING RESULTED FROM DELAYS CAUSED BY FIRM EMPLOYEES AND UNTIMELY AMENDMENTS OR CORRECTIONS MADE TO TRACE REPORTS PREVIOUSLY SUBMITTED BY THE FIRM OR ITS CLEARING FIRM.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/18/2019
<b>Docket/Case Number:</b>	<a href="#">2016052072601</a>
<b>Principal Product Type:</b>	Debt - Corporate
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/18/2019
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$18,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$18,500. FINES PAID IN FULL ON NOVEMBER 12, 2019.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	DURING THE PERIOD OF JULY 1, 2016 THROUGH DECEMBER 31,2016 (THE "REVIEW PERIOD"), WORLD EQUITY GROUP, INC. FAILED TO REPORT TO TRACE 197 TRANSACTIONS IN CORPORATE DEBT SECURITIES WITHIN THE



TIME REQUIRED BY FINRA RULE 6730(A). WORLD EQUITY GROUP'S LATE REPORTING RESULTED FROM DELAYS CAUSED BY FIRM EMPLOYEES AND UNTIMELY AMENDMENTS OR CORRECTIONS MADE TO TRACE REPORTS PREVIOUSLY SUBMITTED BY THE FIRM OR ITS CLEARING FIRM. WORLD EQUITY GROUP'S CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN AND PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES, IN VIOLATION OF FINRA RULE 2010.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/18/2019
<b>Docket/Case Number:</b>	20160520726-01
<b>Principal Product Type:</b>	Debt - Corporate
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	AND FINE OF \$18,500.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/18/2019
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$18,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	FINE OF \$18,500 LEVIED AGAINST THE FIRM WAS PAID VIA CHECK #324321 MAILED ON 11/11/19 (THE ORIGINAL CHECK SENT IN LATE OCTOBER WAS LOST).
<b>Firm Statement</b>	THE AWC WAS SIGNED BY FIRM PRESIDENT, RICH BABJAK, ON 10/09/2019 AND SIGNED AND ACCEPTED BY FINRA ON 10/18/2019.

## Disclosure 2 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED



TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES (VAS) COMPLIED WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES. THE FINDINGS STATED THAT THE FIRM FAILED TO HAVE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES AND REVIEWING PRINCIPALS COMPLIED WITH FINRA RULE 2330. WHILE THE FIRM HAD REGISTERED PRINCIPALS RESPONSIBLE FOR REVIEWING AND APPROVING VA PURCHASES AND EXCHANGES, THE PRIMARY REVIEW AND APPROVAL WAS THE RESPONSIBILITY OF ONE PRINCIPAL (THE "HOME OFFICE PRINCIPAL") FOR THE FIRM'S MORE THAN 150 REGISTERED REPRESENTATIVES. THE HOME OFFICE PRINCIPAL HAD NO PRIOR EXPERIENCE SUPERVISING THE SALE OF VAS. IN ADDITION, THE FIRM FAILED TO PROVIDE ADEQUATE TRAINING OR TOOLS TO THE HOME OFFICE PRINCIPAL TO ASSIST IN HIS REVIEW OF VA TRANSACTIONS. THE FIRM'S PROCEDURES DIRECTED A DESIGNATED PRINCIPAL TO REVIEW ALL EXCHANGES DURING CLIENT ACCOUNT REVIEWS TO DETECT ANY UNUSUAL OR UNSUITABLE EXCHANGES. THE PROCEDURES, HOWEVER, PROVIDED NO FURTHER GUIDANCE FOR HOW TO DETERMINE IF EXCHANGES WERE UNUSUAL OR UNSUITABLE. ALSO, THE FIRM'S SYSTEM FOR SURVEILLING RATES OF VA EXCHANGES RELIED PRIMARILY ON A MANUALLY CREATED MASTER LOG, WHICH WAS FREQUENTLY INCOMPLETE AND OFTEN CONTAINED INACCURATE INFORMATION. FURTHER, THE FIRM HAD WSPS THAT DISCUSSED VAS IN GENERAL TERMS, BUT ITS PROCEDURES DID NOT ADDRESS THE SPECIFIC SUITABILITY CONSIDERATIONS RELATING TO THE VARIED FEES, COSTS AND SURRENDER PERIODS OF DIFFERENT VA SHARE CLASSES. SIMILARLY, THE FIRM HAD NO PROCEDURES TO ENSURE ITS PRINCIPALS WERE CONSIDERING SUITABILITY ISSUES RELATED TO SHARE CLASS SELECTION, INCLUDING WHETHER THE SALE OF AN L-SHARE CONTRACT WAS SUITABLE WHEN COMBINED WITH A LONG-TERM RIDER, OR BEING SOLD TO A CUSTOMER WITH A LONG-TERM INVESTMENT TIME HORIZON. THE FINDINGS ALSO STATED THAT THE FIRM'S FAILURE TO HAVE THESE PROCEDURES WAS UNREASONABLE GIVEN THE SUBSTANTIAL VOLUME OF VA SALES, PARTICULARLY L-SHARE CONTRACTS, AT THE FIRM. AS A RESULT OF THE FIRM'S SUPERVISORY DEFICIENCIES, IT FAILED TO IDENTIFY THE PATTERN OF RED FLAGS PRESENTED BY THE SALE OF L-SHARE VARIABLE ANNUITIES WITH LONG-TERM RIDERS AND FAILED TO INVESTIGATE THE SUITABILITY OF THESE POTENTIALLY INCOMPATIBLE RECOMMENDATIONS.

**Initiated By:** FINRA  
**Date Initiated:** 08/23/2018  
**Docket/Case Number:** [2015043641901](#)  
**Principal Product Type:** Annuity(ies) - Variable



**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/23/2018

**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 \$100,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$100,000, AND ORDERED TO PAY A TOTAL NOT LESS THAN \$380,000 IN RESTITUTION TO CUSTOMERS. CUSTOMERS WHO PURCHASED FROM THE FIRM'S REGISTERED REPRESENTATIVES L-SHARE CONTRACTS WITH LONG-TERM INCOME RIDERS AND NO PERSISTENCY CREDITS FROM JUNE 1, 2013 THROUGH MAY 31, 2018, AND WHO CURRENTLY HOLD THOSE CONTRACTS AT THE FIRM. THE FIRM IS REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO VARIABLE ANNUITY TRANSACTIONS, INCLUDING PURCHASES AND EXCHANGES. FINES PAID IN FULL ON SEPTEMBER 8, 2018.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FROM APRIL 2013 THROUGH MARCH OF 2017, THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES COMPLIED WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES. AS A RESULT, THE FIRM VIOLATED FINRA RULES 2330(C) AND (D), NASD RULE 3010 (FOR CONDUCT BEFORE



DECEMBER 1, 2014), FINRA RULE 3110 (FOR CONDUCT ON AND AFTER DECEMBER 1, 2014) AND FINRA RULE 2010.

**Initiated By:** FINRA

**Date Initiated:** 08/23/2018

**Docket/Case Number:** 201504364190

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/23/2018

**Sanctions Ordered:** Monetary/Fine \$100,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** PAYMENT OF RESTITUTION TO CUSTOMERS IN AN AMOUNT NOT LESS THAN \$380,000.

**Sanction Details:** THE FIRM WAS FINED \$100,000 AND ORDERED TO PAY NOT LESS THAN \$380,000 IN RESTITUTION TO CUSTOMERS WHO PURCHASED L-SHARE VARIABLE ANNUITY CONTRACTS WITH LONG-TERM INCOME RIDES AND NO PERSISTENCY CREDITS FROM JUNE 1, 2013 THROUGH MAY 31, 2018 AND WHO CURRENTLY HOLD THOSE CONTRACTS AT THE FIRM.

**Firm Statement** FROM APRIL 2013 THROUGH MARCH OF 2017, THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE THAT REPRESENTATIVES' RECOMMENDATIONS OF VARIABLE ANNUITIES COMPLIED WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES. AS A RESULT, THE FIRM VIOLATED FINRA RULES 2330(C) AND (D), NASD RULE 3010 (FOR CONDUCT BEFORE DECEMBER 1, 2014), FINRA RULE 3110 (FOR CONDUCT ON AND AFTER DECEMBER 1, 2014) AND FINRA RULE 2010.

### Disclosure 3 of 12

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FIRM DID NOT FILE A REPORTABLE EVENT TO THE NORTH





CAROLINA DEPARTMENT OF INSURANCE WITHIN THE REQUIRED TIME FRAME ACCORDING TO THEIR STATE STATUTES.

**Initiated By:** NORTH CAROLINA DEPARTMENT OF INSURANCE

**Date Initiated:** 01/03/2018

**Docket/Case Number:**

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** ORDER OF THE COMMISSIONER

**Resolution:** Settled

**Resolution Date:** 01/03/2018

**Sanctions Ordered:** Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:** THE \$250.00 FINE WAS PAID ON 1/03/2018

**Firm Statement** THE FIRM SELF-REPORTED TO THE NORTH CAROLINA INSURANCE DEPARTMENT UPON DISCOVERY THAT THE ORIGINAL ISSUE WAS A REPORTABLE EVENT ACCORDING TO THE STATES INSURANCE LAWS. SINCE IT WAS PAST THE 30 DAY REPORTING PERIOD, THE NORTH CAROLINA INSURANCE DEPARTMENT SENT THE FIRM A SETTLEMENT AGREEMENT (WHICH INCLUDED A STIPULATION THAT THE AGREEMENT WOULD HAVE THE FULL EFFECT OF THE ORDER OF THE COMMISSIONER) AND ASSESSED A SMALL CIVIL FINE.

#### Disclosure 4 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT 83 TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE CORPORATE DEBT SECURITIES TO TRACE WITHIN THE TIMEFRAME REQUIRED BY FINRA RULE 6730.

**Initiated By:** FINRA



<b>Date Initiated:</b>	03/01/2017
<b>Docket/Case Number:</b>	<a href="#">2016048836601</a>
<b>Principal Product Type:</b>	Debt - Corporate
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/01/2017
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$15,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$15,000. FINE PAID IN FULL ON 3/13/17.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	DURING THE REVIEW PERIOD, THE FIRM FAILED TO REPORT TO TRACE 83 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN THE TIMEFRAME REQUIRED BY FINRA RULE 6730. THESE 83 REPORTS CONSTITUTED 7.2 PERCENT OF THE FIRM'S TOTAL TRACE-ELIGIBLE TRANSACTIONS IN CORPORATE DEBT SECURITIES TO BE REPORTED TO TRACE DURING THE REVIEW PERIOD.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/01/2017
<b>Docket/Case Number:</b>	20160488366-01
<b>Principal Product Type:</b>	Debt - Corporate



**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/01/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** A CENSURE AND A FINE OF \$15,000 FOR THE ABOVE TRACE REPORTING FINDINGS.

#### Disclosure 5 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO IDENTIFY AND PREVENT POTENTIALLY UNSUITABLE EXCESSIVE TRADING OF EQUITY SECURITIES. THE FINDINGS STATED THAT AS A RESULT OF ITS SUPERVISORY DEFICIENCIES, THE FIRM FAILED TO IDENTIFY A CERTAIN CUSTOMER'S ACCOUNT THAT EXHIBITED POTENTIALLY UNSUITABLE EXCESSIVE TRADING ACTIVITY THAT SHOULD HAVE CAUSED FURTHER INVESTIGATION BY THE FIRM'S COMPLIANCE DEPARTMENT.

**Initiated By:** FINRA

**Date Initiated:** 04/25/2016

**Docket/Case Number:** [2014039231401](#)

**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:** 04/25/2016

**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 \$50,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM IS CENSURED AND FINED \$50,000. FINE PAID IN FULL ON MAY 6, 2016.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO IDENTIFY AND PREVENT POTENTIALLY UNSUITABLE EXCESSIVE TRADING OF EQUITY SECURITIES. THE FINDINGS STATED THAT AS A RESULT OF ITS SUPERVISORY DEFICIENCIES, THE FIRM FAILED TO IDENTIFY A CERTAIN CUSTOMER'S ACCOUNT THAT EXHIBITED POTENTIALLY UNSUITABLE EXCESSIVE TRADING ACTIVITY THAT SHOULD HAVE CAUSED FURTHER INVESTIGATION BY THE FIRM'S COMPLIANCE DEPARTMENT.

**Initiated By:** FINRA

**Date Initiated:** 04/25/2016

**Docket/Case Number:** [2014039231401](#)

**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:** 04/25/2016

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

**Other Sanctions Ordered:**

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

**Firm Statement** TO AVOID THE UNCERTAINTY AND COST ASSOCIATED WITH A HEARING AND IN AN EFFORT TO PUT THIS LEGACY ISSUE BEHIND US, WORLD EQUITY GROUP PURSUED SETTLEMENT DISCUSSIONS AS SOON AS THEY WERE MADE AVAILABLE. SINCE THIS ISSUE WAS FIRST DISCOVERED BY WORLD EQUITY GROUP IN 2010, THE FIRM HAS RESTRUCTURED ITS COMPLIANCE AND SUPERVISORY STAFF, REWRITTEN CERTAIN PROVISIONS OF ITS WSPS, AND INCREASED EXCEPTION REPORTING TO FURTHER STRENGTHEN ITS COMPLIANCE PRACTICES.

**Disclosure 6 of 12**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT A REASONABLY DESIGNED ANTI-MONEY LAUNDERING (AML) PROGRAM TO DETECT, INVESTIGATE AND REPORT POTENTIALLY SUSPICIOUS ACTIVITY. THE FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDED SPECIFIC EXAMPLES OF RED FLAGS INDICATIVE OF POTENTIALLY SUSPICIOUS ACTIVITIES WHICH SHOULD HAVE TRIGGERED ADDITIONAL DUE DILIGENCE UNDER THE FIRM'S EXISTING AML PROGRAM. WHEN REVIEWED, THE FIRM COULD NOT EVIDENCE IMPLEMENTATION OF ITS AML SUSPICIOUS ACTIVITY MONITORING PROGRAM AS IT FAILED TO DETECT, INVESTIGATE AND REPORT RED FLAGS OF POTENTIALLY SUSPICIOUS ACTIVITY RELATED TO THE DEPOSIT AND LIQUIDATION OF LOW-PRICED SECURITIES INCLUDING, BUT NOT LIMITED TO, VARIOUS TRANSACTIONS BY PERSONS WHILE THOSE PERSONS AT LEAST POTENTIALLY MAY HAVE BEEN IN POSSESSION OF MATERIAL, NON-PUBLIC INFORMATION. THE FIRM DID NOT EMPLOY ANY MANUAL OR AUTOMATED SURVEILLANCES TO CAPTURE POTENTIALLY SUSPICIOUS MONEY MOVEMENTS OR TRADING ACTIVITY, BUT INSTEAD IMPROPERLY RELIED ON ITS CLEARING FIRM TO RAISE



POTENTIAL RED FLAGS TO ITS ATTENTION. THE FIRM'S INVESTIGATIONS OF THOSE RED FLAGS DETECTED BY ITS CLEARING FIRM WERE ALSO HANDLED INADEQUATELY. THE FIRM'S 2011 AML COMPLIANCE PROGRAM INDEPENDENT 2011 TEST WAS NOT ADEQUATE AS THE PERSON CONDUCTING THE TEST DID NOT TAKE APPROPRIATE STEPS TO AUDIT FOR DEFICIENCIES IN THE SUSPICIOUS ACTIVITY MONITORING PROGRAM. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO HAVE A REASONABLE SUPERVISORY SYSTEM TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933. THE FIRM FAILED TO CONDUCT A REASONABLE SEARCHING INQUIRY INTO THE TRADABILITY OF THE SECURITIES BY NOT INDEPENDENTLY CORROBORATING INFORMATION AND DOCUMENTATION OBTAINED THROUGH SOURCES AND THEREFORE FAILED TO EVIDENCE THAT AN ADEQUATE INVESTIGATION WAS CONDUCTED BY A REGISTERED PRINCIPAL. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS OWN INFORMATION BARRIERS PROCEDURES AND AS A RESULT, ALLOWED POTENTIALLY SUSPICIOUS TRANSACTIONS TO GO UNDETECTED, AND EMPLOYEES WHO WERE NOT SUPPOSED TO BE PRIVY TO MATERIAL, NON-PUBLIC INFORMATION TO HAVE SUCH ACCESS WITHOUT FOLLOWING ITS OWN PROCEDURES TO GIVE EMPLOYEES THAT ACCESS. FINRA FOUND THAT DUE TO ERRORS IN THE PROCESS OF TRANSFERRING REPRESENTATIVES AT A NEW BRANCH TO THE FIRM, THE EMAILS OF THE REPRESENTATIVES LOCATED AT THAT BRANCH WERE NOT MAINTAINED AND PRESERVED BEFORE APRIL 13, 2012. IN ADDITION, DUE TO TECHNOLOGY LINKING ISSUES, THE FIRM FAILED TO MAINTAIN BUSINESS-RELATED EMAILS FOR REPRESENTATIVES WHO USED THEIR PERSONAL EMAILS FOR BUSINESS PURPOSES, EVEN THOUGH THE FIRM WAS AWARE OF THE USE OF THE NON-FIRM EMAIL DOMAINS. FINRA ALSO FOUND THAT THE FIRM FAILED TO ESTABLISH ACCOUNTS AND MAINTAIN ACCOUNT RECORDS FOR NEW CUSTOMERS INVESTING IN AN OFFERING AND FAILED TO MAKE REASONABLE EFFORTS TO OBTAIN ADEQUATE INFORMATION IN REGARDS TO THOSE CUSTOMERS. IN ADDITION, FINRA DETERMINED THAT THE FIRM FAILED TO HAVE A SYSTEM IN PLACE TO ENSURE THE SUITABILITY OF NON-TRADITIONAL EXCHANGE-TRADED FUNDS (ETFs) AND LACKED TRAINING AND SUPERVISION OF THESE PRODUCTS AND TRANSACTIONS. THERE WERE OVER 100 NON-TRADITIONAL ETFs THAT WERE HELD MORE THAN ONE TRADING DAY, YET THOSE TRANSACTIONS WERE NOT FLAGGED FOR REVIEW. THE FIRM INSUFFICIENTLY DOCUMENTED THAT ADEQUATE DILIGENCE WAS CONDUCTED WITH RESPECT TO THE PRIVATE PLACEMENTS AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS). THE FIRM'S WSPS WERE INADEQUATE IN THAT THEY GENERICALLY REFERENCED CCO REVIEW, BUT FAILED TO IDENTIFY SPECIFIC STEPS TO BE TAKEN AND DID NOT OUTLINE HOW THE FIRM WOULD DOCUMENT AND EVIDENCE THE DUE DILIGENCE. THE FIRM ALSO FAILED TO ESTABLISH AN ADEQUATE SUPERVISORY SYSTEM FOR THE



REVIEW OF ACTIVITY IN AN AVERAGE PRICE ACCOUNT, RESULTING IN  
NUMEROUS OPTIONS ACTIVITIES OCCURRING IN UNAPPROVED  
ACCOUNTS.

**Initiated By:** FINRA

**Date Initiated:** 02/03/2015

**Docket/Case Number:** [2012030734701](#)

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADITIONAL ETFs; PRIVATE PLACEMENTS; NON-TRADED REITS

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/03/2015

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$225,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$225,000.  
  
FINE PAID IN FULL FEBRUARY 18, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT A REASONABLY DESIGNED ANTI-MONEY LAUNDERING (AML) PROGRAM TO DETECT, INVESTIGATE AND REPORT POTENTIALLY SUSPICIOUS ACTIVITY. THE FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) PROVIDED SPECIFIC EXAMPLES OF RED FLAGS INDICATIVE OF POTENTIALLY SUSPICIOUS ACTIVITIES WHICH



SHOULD HAVE TRIGGERED ADDITIONAL DUE DILIGENCE UNDER THE FIRM'S EXISTING AML PROGRAM. WHEN REVIEWED, THE FIRM COULD NOT EVIDENCE IMPLEMENTATION OF ITS AML SUSPICIOUS ACTIVITY MONITORING PROGRAM AS IT FAILED TO DETECT, INVESTIGATE AND REPORT RED FLAGS OF POTENTIALLY SUSPICIOUS ACTIVITY RELATED TO THE DEPOSIT AND LIQUIDATION OF LOW-PRICED SECURITIES INCLUDING, BUT NOT LIMITED TO, VARIOUS TRANSACTIONS BY PERSONS WHILE THOSE PERSONS AT LEAST POTENTIALLY MAY HAVE BEEN IN POSSESSION OF MATERIAL, NON-PUBLIC INFORMATION. THE FIRM DID NOT EMPLOY ANY MANUAL OR AUTOMATED SURVEILLANCES TO CAPTURE POTENTIALLY SUSPICIOUS MONEY MOVEMENTS OR TRADING ACTIVITY, BUT INSTEAD IMPROPERLY RELIED ON ITS CLEARING FIRM TO RAISE POTENTIAL RED FLAGS TO ITS ATTENTION. THE FIRM'S INVESTIGATIONS OF THOSE RED FLAGS DETECTED BY ITS CLEARING FIRM WERE ALSO HANDLED INADEQUATELY. THE FIRM'S 2011 AML COMPLIANCE PROGRAM INDEPENDENT 2011 TEST WAS NOT ADEQUATE AS THE PERSON CONDUCTING THE TEST DID NOT TAKE APPROPRIATE STEPS TO AUDIT FOR DEFICIENCIES IN THE SUSPICIOUS ACTIVITY MONITORING PROGRAM. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO HAVE A REASONABLE SUPERVISORY SYSTEM TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933. THE FIRM FAILED TO CONDUCT A REASONABLE SEARCHING INQUIRY INTO THE TRADABILITY OF THE SECURITIES BY NOT INDEPENDENTLY CORROBORATING INFORMATION AND DOCUMENTATION OBTAINED THROUGH SOURCES AND THEREFORE FAILED TO EVIDENCE THAT AN ADEQUATE INVESTIGATION WAS CONDUCTED BY A REGISTERED PRINCIPAL. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE ITS OWN INFORMATION BARRIERS PROCEDURES AND AS A RESULT, ALLOWED POTENTIALLY SUSPICIOUS TRANSACTIONS TO GO UNDETECTED, AND EMPLOYEES WHO WERE NOT SUPPOSED TO BE PRIVY TO MATERIAL, NON-PUBLIC INFORMATION TO HAVE SUCH ACCESS WITHOUT FOLLOWING ITS OWN PROCEDURES TO GIVE EMPLOYEES THAT ACCESS. FINRA FOUND THAT DUE TO ERRORS IN THE PROCESS OF TRANSFERRING REPRESENTATIVES AT A NEW BRANCH TO THE FIRM, THE EMAILS OF THE REPRESENTATIVES LOCATED AT THAT BRANCH WERE NOT MAINTAINED AND PRESERVED BEFORE APRIL 13, 2012. IN ADDITION, DUE TO TECHNOLOGY LINKING ISSUES, THE FIRM FAILED TO MAINTAIN BUSINESS-RELATED EMAILS FOR REPRESENTATIVES WHO USED THEIR PERSONAL EMAILS FOR BUSINESS PURPOSES, EVEN THOUGH THE FIRM WAS AWARE OF THE USE OF THE NON-FIRM EMAIL DOMAINS. FINRA ALSO FOUND THAT THE FIRM FAILED TO ESTABLISH ACCOUNTS AND MAINTAIN ACCOUNT RECORDS FOR NEW CUSTOMERS INVESTING IN AN OFFERING AND FAILED TO MAKE REASONABLE EFFORTS TO OBTAIN ADEQUATE INFORMATION IN REGARDS TO THOSE CUSTOMERS. IN ADDITION, FINRA DETERMINED THAT THE FIRM FAILED TO HAVE A SYSTEM IN PLACE TO ENSURE THE SUITABILITY OF





NON-TRADITIONAL EXCHANGE-TRADED FUNDS (ETFs) AND LACKED TRAINING AND SUPERVISION OF THESE PRODUCTS AND TRANSACTIONS. THERE WERE OVER 100 NON-TRADITIONAL ETFs THAT WERE HELD MORE THAN ONE TRADING DAY, YET THOSE TRANSACTIONS WERE NOT FLAGGED FOR REVIEW. THE FIRM INSUFFICIENTLY DOCUMENTED THAT ADEQUATE DILIGENCE WAS CONDUCTED WITH RESPECT TO THE PRIVATE PLACEMENTS AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS). THE FIRM'S WSPS WERE INADEQUATE IN THAT THEY GENERICALLY REFERENCED CCO REVIEW, BUT FAILED TO IDENTIFY SPECIFIC STEPS TO BE TAKEN AND DID NOT OUTLINE HOW THE FIRM WOULD DOCUMENT AND EVIDENCE THE DUE DILIGENCE. THE FIRM ALSO FAILED TO ESTABLISH AN ADEQUATE SUPERVISORY SYSTEM FOR THE REVIEW OF ACTIVITY IN AN AVERAGE PRICE ACCOUNT, RESULTING IN NUMEROUS OPTIONS ACTIVITIES OCCURRING IN UNAPPROVED ACCOUNTS.

**Initiated By:** FINRA

**Date Initiated:** 02/03/2015

**Docket/Case Number:** [2012030734701](#)

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADITIONAL ETFs; PRIVATE PLACEMENTS; NON-TRADED REITS

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/03/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$225,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$225,000.

**Firm Statement** TO AVOID THE UNCERTAINTY AND COST ASSOCIATED WITH A HEARING AND IN AN EFFORT TO PUT THESE LEGACY ISSUES BEHIND US, WORLD EQUITY GROUP PURSUED SETTLEMENT DISCUSSIONS AS SOON AS THEY WERE MADE AVAILABLE TO US. SINCE THESE ISSUES WERE RECOGNIZED BY WORLD EQUITY GROUP, THE FIRM HAS RESTRUCTURED ITS COMPLIANCE AND SUPERVISION STAFF AND ADDED SOME KEY NEW HIRES WHICH BRING MULTIPLE YEARS OF EXPERIENCE TO THE TEAM. THE FIRM HAS ALSO REWRITTEN CERTAIN SECTIONS OF ITS WSPS SO AS



TO FURTHER STRENGTHEN ITS PROCEDURES.

## Disclosure 7 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE WITHIN THE TIME REQUIRED BY FINRA RULE 6730.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/25/2014
<b>Docket/Case Number:</b>	<a href="#">2013036895301</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	SECURITIZED PRODUCTS
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/25/2014
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$7,500.  FINE PAID IN FULL ON OCTOBER 21, 2014.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE WITHIN THE TIME REQUIRED BY FINRA RULE 6730

**Initiated By:** FINRA

**Date Initiated:** 09/25/2014

**Docket/Case Number:** [2013036895301](#)

**Principal Product Type:** Other

**Other Product Type(s):** SECURITIZED PRODUCTS

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/25/2014

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$7,500.

#### Disclosure 8 of 12

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FIRM DID NOT FILE A REPORTABLE EVENT TO THE NORTH CAROLINA DEPARTMENT OF INSURANCE WITHIN THE REQUIRED TIMEFRAME ACCORDING TO THEIR STATUTES.

**Initiated By:** NORTH CAROLINA DEPARTMENT OF INSURANCE

**Date Initiated:** 12/09/2013

**Docket/Case Number:**



**Principal Product Type:** Insurance

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** ORDER OF THE COMMISSIONER

**Resolution:** Settled

**Resolution Date:** 12/09/2013

**Sanctions Ordered:** Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:** THE \$250.00 FINE WAS PAID ON 12/09/2013

**Firm Statement** THE FIRM SELF-REPORTED TO THE NORTH CAROLINA INSURANCE DEPARTMENT UPON DISCOVERY THAT THE ORIGINAL ISSUE WAS A REPORTABLE EVENT. SINCE IT WAS PAST THE 30 DAY REPORTING PERIOD, THE NORTH CAROLINA INSURANCE DEPARTMENT SENT THE FIRM A SETTLEMENT AGREEMENT (WHICH INCLUDED A STIPULATION THAT THE AGREEMENT WOULD HAVE THE FULL EFFECT OF THE ORDER OF THE COMMISSIONER) AND ASSESSED A SMALL CIVIL FINE.

#### Disclosure 9 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULES 2010, 7450, NASD RULE 3010 - WORLD EQUITY GROUP, INC. FAILED TO TRANSMIT ALL OF ITS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR MORE THAN A YEAR. THE FIRM DID NOT QUALIFY FOR EXCLUSION FROM THE OATS REPORTING REQUIREMENTS BECAUSE IT ROUTED ITS ORDERS THROUGH MORE THAN A SINGLE REPORTING MEMBER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING OATS REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 01/24/2012

**Docket/Case Number:** [2010024306501](#)

**Principal Product Type:** No Product



**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/24/2012

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000. FINE PAID IN FULL FEBRUARY 8, 2012.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** VIOLATIONS OF FINRA RULES REGARDING THE SUBMISSION OF OATS REPORTABLE TRANSACTIONS. THE FIRM DID NOT QUALIFY FOR EXCLUSION FROM THE OATS REPORTING REQUIREMENTS BECAUSE IT ROUTED ITS ORDERS THROUGH TWO REPORTING MEMBERS.

**Initiated By:** FINRA

**Date Initiated:** 12/12/2011

**Docket/Case Number:** STAR NO. 20100243065

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

**Other Product Type(s):**

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


**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/12/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** A CENSURE AND A \$15,000 FINE WERE IMPOSED.

**Firm Statement** THE FIRM SIGNED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT ON 12/12/2011. THE OATS REPORTING REQUIREMENTS HAVE BEEN CORRECTED.

**Disclosure 10 of 12**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 2210(B)(2)(A), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(C)(I), 3010, 3010(A), 3010(B), 3110(A), INTERPRETATIVE MATERIAL 2210-1: THE FIRM PERMITTED ONE OF ITS REGISTERED REPRESENTATIVES TO PUBLISH ADVERTISEMENTS THAT FAILED TO PROVIDE A SOUND BASIS FOR A READER TO EVALUATE THE PRODUCTS AND SERVICES BEING OFFERED, CONTAINED EXAGGERATED, UNWARRANTED AND MISLEADING STATEMENTS, AND FAILED TO DISCLOSE THE FIRM'S NAME. THE REPRESENTATIVE'S ADVERTISEMENTS PROMOTED HIS SECURITIES AND NON-SECURITIES INVESTMENT RELATED BUSINESS ACTIVITIES AND WERE PUBLISHED IN REGIONAL NEWSPAPERS AS WELL AS COMMUNITY FUND-RAISING AND DINING PROGRAM GUIDES, CHURCH BULLETINS AND YELLOW BOOK BUSINESS LISTING. THE FIRM'S PRESIDENT REVIEWED, AND CHIEF COMPLIANCE OFFICER (CCO) REVIEWED AND APPROVED, WITH THE KNOWLEDGE OF THE PRESIDENT, AT LEAST 10 OF THE 18 ADVERTISEMENTS PUBLISHED BY THE REPRESENTATIVE. THE PRESIDENT KNEW OR SHOULD HAVE KNOWN THAT THE CCO HAD NO PRIOR EXPERIENCE REVIEWING COMMUNICATIONS WITH THE PUBLIC FOR COMPLIANCE WITH NASD RULE 2210(D). THE CCO RELIED ON THE PRESIDENT FOR GUIDANCE IN REVIEWING AND APPROVING ADVERTISEMENTS SUBMITTED BY THE REPRESENTATIVE. IN A COMMENT LETTER TO THE FIRM FROM FINRA'S ADVERTISING REGULATION DEPARTMENT, THE FIRM, THE PRESIDENT, AND THE CCO WERE ALERTED THAT THE STATEMENTS, CLAIMS AND OMISSIONS IN FIVE OF THE REPRESENTATIVE'S PUBLISHED



ADVERTISEMENTS VIOLATED NASD RULE 2210. THE COMMENT LETTER INFORMED THE FIRM THAT CERTAIN OF THE REPRESENTATIVE'S ADVERTISEMENTS FAILED TO PROVIDE SUFFICIENT INFORMATION FOR A READER TO HAVE A SOUND BASIS FOR EVALUATING THE FACTS REGARDING THE PRODUCTS AND SERVICES ADVERTISED AND FAILED TO PROVIDE A BALANCED TREATMENT OF THE RISKS AND POTENTIAL BENEFITS OF THE REPRESENTATIVE'S STRATEGY. THE COMMENT LETTER INFORMED THE FIRM THAT THE ADVERTISEMENTS OMITTED ANY EXPLANATION OF THE BASES OF THE STATEMENTS MADE, FAILED TO IDENTIFY THE PRODUCTS THAT COULD BE USED TO IMPLEMENT THE STRATEGY BEING PROMOTED BY THE ADVERTISEMENT, LACKED A BALANCED DISCUSSION OF THE POTENTIAL BENEFITS OF THE REPRESENTATIVE'S STRATEGY WITH ANY OF THE RISKS OR LIMITATIONS TO THOSE BENEFITS AND USED EXAGGERATED, UNWARRANTED, OR MISLEADING CLAIMS REGARDING PERFORMANCE AND RETURNS. AS DETAILED IN THE COMMENT LETTER, THE ADVERTISEMENTS OMITTED ANY EXPLANATION OF THE BASES FOR CALCULATING THE CLAIMED RETURNS, DID NOT INDICATE THAT THE CITED PERFORMANCE RETURNS CONSISTED LARGELY OF A RETURN OF PRINCIPAL, AND DID NOT INDICATE THAT THE PERFORMANCE RESULTS STATED IN THE ADVERTISEMENTS REPRESENTED RETURNS EXPERIENCED BY VERY FEW CLIENTS AND THAT EACH INDIVIDUAL'S CIRCUMSTANCES WOULD VARY. AFTER THE FIRM RECEIVED THE COMMENT LETTER, THE FIRM, THE PRESIDENT, AND THE CCO CONTINUED TO REVIEW ADVERTISEMENTS AND THE CCO CONTINUED TO APPROVE ADVERTISEMENTS WITH THE KNOWLEDGE OF THE PRESIDENT, AND ALLOWED THE REPRESENTATIVE TO USE THE ADVERTISEMENTS THAT CONTAINED THE SAME OR SIMILAR VIOLATIONS OF THOSE IDENTIFIED IN THE COMMENT LETTER AND VIOLATED NASD'S ADVERTISING RULE IN OTHER RESPECTS. THE FIRM, PRESIDENT, AND CCO FAILED TO PROVIDE ADEQUATE SUPERVISION OF THE REPRESENTATIVE'S COMMUNICATIONS WITH THE PUBLIC. BETWEEN NOVEMBER 2007 AND NOVEMBER 2009, THE FIRM DID NOT MAKE AND MAINTAIN ANY RECORD OF THE DATES OF FIRST AND LAST USE OF ADVERTISEMENTS APPROVED BY THE FIRM. THE PRESIDENT AND CCO HAD THE RESPONSIBILITY AT VARIOUS POINTS DURING THAT TIME TO ENSURE SUCH RECORDS WERE MAINTAINED. THE FIRM'S WRITTEN PROCEDURES REGARDING ADVERTISING AND SALES LITERATURE DID NOT REQUIRE THAT THE DATES OF FIRST AND LAST USAGE OF EACH ADVERTISEMENT BE DOCUMENTED AND RETAINED, AND NEITHER THE FIRM, NOR THE CCO, CREATED OR RETAINED SUCH RECORDS AND THE PRESIDENT DID NOT MANDATE THE SAME. [CONTINUED IN COMMENT]

**Initiated By:** FINRA

**Date Initiated:** 12/13/2011

**Docket/Case Number:** [2008012099101](#)



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/13/2011
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$50,000, JOINTLY AND SEVERALLY. FINE PAID IN FULL DECEMBER 30, 2011.
<b>Regulator Statement</b>	[CONTINUED FROM ALLEGATIONS]: THE FIRM'S PROCEDURES DELEGATED RESPONSIBILITY TO THE CCO, OR THE DESIGNATE, FOR, AMONG OTHER THINGS, FILING AND UPDATING SECURITIES INDUSTRY REGISTRATION FORMS FOR INDIVIDUALS AND THE FIRM VIA CRD. BETWEEN 2007 AND 2009, THE FIRM DELEGATED THESE RESPONSIBILITIES TO AN OUTSIDE CONSULTANT. NEITHER THE CCO NOR ANY OTHER PRINCIPAL AT THE FIRM SUPERVISED THE OUTSIDE CONSULTANT. AS A RESULT, ERRORS AND OMISSIONS IN THE FORM'S FORM U4 FILINGS FOR ASSOCIATED PERSONS AND FORM BR FILINGS FOR THE REPRESENTATIVE'S BRANCH OFFICE WERE NOT DETECTED.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLATIONS OF FINRA RULES REGARDING THE SUPERVISION OF ADVERTISING, COMMUNICATIONS WITH THE PUBLIC AND LICENSING AND REGISTRATION FUNCTIONS. VIOLATIONS INCLUDE FINRA RULE 2010, NASD





RULES 2110, 2210(B)(2)(A), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(C)(I), 3010, 3010(A), 3010(B), 3110(A), INTERPRETATIVE MATERIAL 2210-1 ALLEGING THAT THE FIRM PERMITTED ONE OF ITS REGISTERED REPRESENTATIVES TO PUBLISH ADVERTISEMENTS THAT FAILED TO PROVIDE A SOUND BASIS FOR A READER TO EVALUATE THE PRODUCTS AND SERVICES BEING OFFERED, CONTAINED EXAGGERATED, UNWARRANTED AND MISLEADING STATEMENTS, AND FAILED TO DISCLOSE THE FIRM'S NAME.

**Initiated By:** FINRA

**Date Initiated:** 12/13/2011

**Docket/Case Number:** AWC 2008012099101

**Principal Product Type:** Insurance

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CENSURE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/13/2011

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

**Other Sanctions Ordered:**

**Sanction Details:** THE \$50,000 FINE WAS ASSESSED JOINTLY AND SEVERALLY AND PAID BY CHECK.

**Firm Statement** LETTER OF AWC WAS SIGNED ON DEC. 5, 2011.

#### Disclosure 11 of 12

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FLORIDA ALLEGED THAT THE FIRM FAILED TO TIMELY FILE AN INSURANCE AGENCY APPLICATION.

**Initiated By:** FLORIDA DEPT. OF FINANCIAL SERVICES

**Date Initiated:** 09/07/2007

**Docket/Case Number:** 91860-07-AG



**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** NONE

**Resolution:** Order

**Resolution Date:** 10/12/2007

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

**Other Sanctions Ordered:**

**Sanction Details:** FIRM PAID ADMINISTRATIVE PENALTY OF \$1,000 IN OCTOBER OF 2007.

**Firm Statement** FIRM, IN AN EFFORT TO MOVE ALONG ITS INSURANCE APPLICATION IN THE STATE OF FLORIDA, ON OCT. 12, 2007 SIGNED A CONSENT ORDER AND PAID A \$1,000 'ADMINISTRATIVE FEE'. AT THE TIME, FIRM WAS LED TO BELIEVE BY FL THAT THIS WOULD NOT BE A REPORTABLE EVENT.

#### Disclosure 12 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 03/07/1997

**Docket/Case Number:** C8A970006

**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/07/1997

**Sanctions Ordered:** Censure



Monetary/Fine \$18,000.00

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

ON MARCH 7, 1997, DISTRICT NO. 8 NOTIFIED WORLD EQUITY GROUP, INC. AND JOHN H. MATHUES THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C8A970006 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$18,000, JOINTLY AND SEVERALLY - NASD RULE 2110 AND 3010 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT MATHUES, ENGAGED IN 45 SALES OF COMMON STOCK TO PUBLIC CUSTOMERS BUT FAILED TO OBTAIN SIGNED SUITABILITY STATEMENTS FROM THE CUSTOMERS, AND FAILED TO PROVIDE RISK DISCLOSURE DOCUMENTS TO THE CUSTOMERS; AND, FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO PREVENT VIOLATION OF SEC RULE 15g).

\*\*\*\$18,000.00 FULLY PAID J&S AS OF 6/27/97, INVOICE #97-8A-196\*\*\*

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FIRM, ACTING THROUGH MATHUES, ENGAGED IN 45 SALES OF COMMON STOCK TO PUBLIC CUSTOMERS WITHOUT SIGNED SUITABILITY STATEMENTS.

**Initiated By:**

NASD

**Date Initiated:**

11/25/1996

**Docket/Case Number:**

C8A970006

**Principal Product Type:**

Equity Listed (Common & Preferred Stock)

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:****Resolution:**

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

03/07/1997



**Sanctions Ordered:**

Censure  
Monetary/Fine \$18,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

FINED \$18,000 JOINTLY AND SEVERALLY, FULLY PAID AS OF 6/27/97.

**Firm Statement**

ON MARCH 7, 1997, DISTRICT NO. 8 NOTIFIED WORLD EQUITY GROUP, INC. AND JOHN MATHUES THAT THE LETTER OF ACCEPTANCE, WAIVER, AND CONSENT NO. C8A970006 WAS ACCEPTED . WORLD EQUITY GROUP, INC. AND JOHN MATHUES WERE FINED \$18,000 JOINTLY AND SEVERALLY.

**End of Report**



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