BrokerCheck Report

B. RILEY & CO., LLC

CRD# 40355

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

Please contact FINRA with any concerns.

About BrokerCheck®

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

- **What is included in a BrokerCheck report?**
- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
    - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
    - information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at https://www.adviserinfo.sec.gov. In the alternative, you may search the IAPD website directly or contact your state securities regulator at http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414.
- **Are there other resources I can use to check the background of investment professionals?**
- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.
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Thank you for using FINRA BrokerCheck.

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

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

B. RILEY & CO., LLC

CRD# 40355

SEC# 8-49016

Main Office Location

11100 SANTA MONICA BLVD.
SUITE 800
LOS ANGELES, CA 90025

Mailing Address

11100 SANTA MONICA BLVD.
SUITE 800
LOS ANGELES, CA 90025

Business Telephone Number

310-966-1444

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 limited liability company.

This firm was formed in Delaware on 04/30/2007.

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	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:	12/31/2018
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 limited liability company.

This firm was formed in Delaware on 04/30/2007.

Its fiscal year ends in December.

Firm Names and Locations

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

B. RILEY & CO., LLC

Doing business as B. RILEY & CO., LLC

CRD# 40355

SEC# 8-49016

Main Office Location

11100 SANTA MONICA BLVD.
SUITE 800
LOS ANGELES, CA 90025

Mailing Address

11100 SANTA MONICA BLVD.
SUITE 800
LOS ANGELES, CA 90025

Business Telephone Number

310-966-1444

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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):	B. RILEY FINANCIAL, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	11/2016
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

Legal Name & CRD# (if any):	FORMAN, ALAN NEIL 6517416
Is this a domestic or foreign entity or an individual?	Individual
Position	GENERAL COUNSEL
Position Start Date	06/2015
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):	KELLEHER, THOMAS JOHN 2881063
Is this a domestic or foreign entity or an individual?	Individual
Position	CO-CEO
Position Start Date	08/2017

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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):	MARKUNAS, MICHAEL 1832307
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER, DEPUTY GENERAL COUNSEL
Position Start Date	03/2016
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):	MCCOY, MICHAEL RICHARD 4743031
Is this a domestic or foreign entity or an individual?	Individual
Position	FINOP/CFO
Position Start Date	05/2004
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):	MOORE, ANDREW THOMAS

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Firm Profile

Direct Owners and Executive Officers (continued)

	4574997
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT
Position Start Date	08/2016
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):	RILEY, BRYANT RICHARD
	1702453
Is this a domestic or foreign entity or an individual?	Individual
Position	CO-CEO
Position Start Date	08/2017
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

No information reported.

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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 01/03/1997 to 03/04/2019.

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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 15 types of businesses.

Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
U S. government securities broker
Municipal securities dealer
Municipal securities broker
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities
Other - FINANCIAL ADVISORY, MERGERS & ACQUISITIONS, VALUATIONS AND FAIRNESS OPINIONS.

Other Types of Business

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

Non-Securities Business Description:

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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:	NATIONAL FINANCIAL SERVICES LLC
CRD #:	13041
Business Address:	200 SEAPORT BOULEVARD BOSTON, MA 02210
Effective Date:	03/28/2012
Description:	APPLICANT WILL OPERATE ON A FULLY DISCLOSED BASIS THROUGH THE ABOVE FIRM.

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Firm Operations

Industry Arrangements

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 02210

Effective Date: 03/28/2012

Description: APPLICANT WILL CLEAR ALL TRADES THROUGH THE FIRM IDENTIFIED ABOVE. AS SUCH, THE CLEARING FIRM WILL, BY AGREEMENT WITH APPLICANT, MAINTAIN AND REGULARLY MAKE AVAILABLE TO THE APPLICANT, ALL CLEARING RECORDS. IN ADDITION, THE CLEARING FIRM WILL HOLD CUSTOMER FUNDS AND/OR SECURITIES DURING ITS COMPLETION OF THE CLEARING PROCESS.

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 02210

Effective Date: 03/28/2012

Description: APPLICANT WILL CLEAR ALL TRADES THROUGH THE FIRM IDENTIFIED ABOVE. AS SUCH, THE CLEARING FIRM WILL, BY AGREEMENT WITH APPLICANT, MAINTAIN AND REGULARLY MAKE AVAILABLE TO THE APPLICANT, ALL CLEARING RECORDS. IN ADDITION, THE CLEARING FIRM WILL HOLD CUSTOMER FUNDS AND/OR SECURITIES DURING ITS COMPLETION OF THE CLEARING PROCESS.

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 02210

Effective Date: 03/28/2012

Description: APPLICANT WILL CLEAR ALL TRADES THROUGH THE FIRM IDENTIFIED ABOVE. AS SUCH, THE CLEARING FIRM WILL, BY AGREEMENT WITH APPLICANT, MAINTAIN AND REGULARLY MAKE AVAILABLE TO THE

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Firm Operations

Industry Arrangements (continued)

APPLICANT, ALL CLEARING RECORDS. IN ADDITION, THE CLEARING FIRM WILL HOLD CUSTOMER FUNDS AND/OR SECURITIES DURING ITS COMPLETION OF THE CLEARING PROCESS.

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.

FIDUCIARY FINANCIAL SERVICES WEALTH MANAGEMENT is under common control with the firm.

CRD #:	106607
Business Address:	13155 NOEL ROAD SUITE 750 DALLAS, TX 75240
Effective Date:	07/03/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	FIDUCIARY FINANCIAL SERVICES OF THE SOUTHWEST INC IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL, INC.

WUNDERLICH SECURITIES, INC. is under common control with the firm.

CRD #:	2543
Business Address:	6000 POPLAR AVENUE SUITE 150 MEMPHIS, TN 38119
Effective Date:	07/03/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes

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Firm Operations

Organization Affiliates (continued)

Description:	WUNDERLICH SECURITIES, INC. IS UNDER COMMON CONTROL OF THE SAME PARENT ENTITY, B. RILEY FINANCIAL, INC.

MLV & CO. LLC is under common control with the firm.

CRD #:	150959
Business Address:	299 PARK AVENUE 7TH FLOOR NEW YORK, NY 10171
Effective Date:	06/01/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	BRC MERGER SUB, LLC, THE OWNER OF MLV & CO., IS AN AFFILIATE OF B. RILEY & CO. BOTH SHARE A COMMON PARENT ENTITY - B. RILEY FINANCIAL, INC.

FBR CAPITAL MARKETS & CO. is under common control with the firm.

CRD #:	25027
Business Address:	1300 N 17TH STREET SUITE 1400 ARLINGTON, VA 22209
Effective Date:	06/01/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	BRC MERGER SUB, LLC, THE OWNER OF FBR CAPITAL MARKETS & CO., IS AN AFFILIATE OF B. RILEY & CO. BOTH SHARE A COMMON PARENT ENTITY - B. RILEY FINANCIAL, INC.

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

CRD #:	160510

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Firm Operations

Organization Affiliates (continued)

Business Address:	11100 SANTA MONICA BLVD. SUITE 800 LOS ANGELES, CA 90025
Effective Date:	02/02/2015
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	B. RILEY CAPITAL MANAGEMENT, LLC IS OWNED BY B. RILEY FINANCIAL, INC., WHICH IS THE SOLE INDIRECT OWNER OF B. RILEY & CO., LLC.

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**

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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	6	0

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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 6

Reporting Source:	Regulator
Current Status:	Final

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Allegations:	NASD RULE 6955(A) - B. RILEY & CO., LLC TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE OR INCOMPLETE DATA.
Initiated By:	FINRA
Date Initiated:	08/11/2009
Docket/Case Number:	2008014913601
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:	08/11/2009
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 $10,000.00
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 WAS CENSURED AND FINED $10,000.

Reporting Source:	Firm
Current Status:	Final
Allegations:	B. RILEY & CO., LLC TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM ("OATS") 19 REPORTS THAT CONTAINED INACCURATE OR INCOMPLETE DATA.
Initiated By:	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
Date Initiated:	06/12/2009

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Docket/Case Number:	2008014913601
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE OF $10,000
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/11/2009
Sanctions Ordered:	Censure Monetary/Fine $10,000.00
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 WAS CENSURED AND FINED $10,000.

Disclosure 2 of 6

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULES 10A-1, 10B-10, 17A-3, 203, NASD RULES 1021, 2110, 3010, 3110, 3350, 3370, 4632, 4642, 6130, 6420, 6620, 6955(A) - RESPONDENT MEMBER TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT THE FIRM'S RECORDS CONTAINED NUMEROUS OMISSIONS AND INACCURACIES AND FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, THE MEMORANDUM OF CERTAIN BROKERAGE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM IMPROPERLY HANDLED SHORT SALES DUE TO A MISUNDERSTANDING AS TO WHEN A TRANSACTION WAS A SHORT SALE AND AS A RESULT WHEN THE FIRM EXECUTED SHORT SALE TRANSACTIONS ON A DOWN BID IN ITS PROPRIETARY ACCOUNT WHILE HOLDING A CUSTOMER LONG SALE ORDER IN NASDAQ NATIONAL MARKET (NNM) SECURITIES IN WHICH THE FIRM WAS NOT A MARKET MAKER, THE FIRM SOLD SUCH SECURITIES AT OR BELOW THE CURRENT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN THE SECURITY. THE FINDINGS ALSO INCLUDED THAT WHEN THE FIRM EXECUTED SHORT SALE TRANSACTIONS WHILE HOLDING A CUSTOMER LONG SALE ORDER WHEN

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	THE FIRM WAS NOT A MARKET MAKER IN THE SECURITY, THE FIRM EFFECTED SHORT SALES FOR THE FIRM'S PROPRIETARY ACCOUNT(S) AND FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM COULD BORROW THE SECURITIES OR OTHERWISE PROVIDE FOR DELIVERY OF THE SECURITIES BY SETTLEMENT DATE. NASD FOUND THAT THE FIRM WHEN SELLING A SECURITY WHILE HOLDING A CUSTOMER LONG SALE ORDER IN SUCH SECURITY WHEN THE FIRM DID NOT HAVE AN INVENTORY POSITION, THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE TRADE REPORTING FACILITY, OTC REPORTING FACILITY, NASDAQ OR ACT WITH A SHORT SALE MODIFIER. THE FINDINGS ALSO INCLUDED THAT THE FIRM, ACTING THROUGH AN EMPLOYEE, FAILED TO REGISTER A PERSON ENGAGED IN THE FIRM'S SECURITIES BUSINESS FUNCTIONING AS A PRINCIPAL.CONTINUED IN COMMENTS.
Initiated By:	NASD
Date Initiated:	08/01/2007
Docket/Case Number:	2005003303401
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:	08/01/2007
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 $265,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, B. RILEY AND CO. INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED $225,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

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WITH RESPECT TO BEST EXECUTION, THE THREE QUOTE RULE, OATS, SEC RULE 11AC1-6, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, ANTICOMPETITIVE PRACTICES, SHORT SALES, RECORD KEEPING, TRADE REPORTING, ACT REPORTING, REGISTRATION, QUOTING OR TRADING DURING A TRADING HALT AND NASD RULES 5262, 5263, 6330 AND 2320(G)(2).
IN ADDITION, THE FIRM IS FINED $40,000 JOINTLY AND SEVERALLY.

Regulator Statement

ALLEGATIONS CONTINUED: NASD ALSO FOUND THAT THE FIRM INCORRECTLY REPORTED LONG SALES AS SHORT SALES TO ACT WHEN EXECUTING PRINCIPAL TRANSACTIONS WHILE HOLDING A CUSTOMER SHORT SALE ORDER IN THE SECURITY WHEN THE FIRM HAD AN INVENTORY POSITION IN THE SECURITY. IN ADDITION, NASD FOUND THAT THE FIRM EFFECTED SHORT SALES OF SECURITIES REGISTERED ON A NATIONAL SECURITIES EXCHANGE AT OR BELOW THE PRICE AT WHICH THE LAST SALE OF EACH SECURITY, REGULAR WAY, WAS REPORTED PURSUANT TO AN EFFECTIVE TRANSACTION REPORTING PLAN. MOREOVER, THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT THE TIME OF EXECUTION FOR CROSS TRANSACTIONS, FAILED TO REPORT THE CORRECT TIME OF EXECUTION, FAILED TO REPORT SOME TRADES, FAILED TO TIMELY SUBMIT CANCELLATION REPORTS, INCORRECTLY REPORTED CERTAIN TRADES AS NON-TAPE TRANSACTIONS AND INCORRECTLY REPORTED CAPACITY, DUE TO A MISUNDERSTANDING OF WHEN A TRADE WAS A RISKLESS PRINCIPAL TRADE, THE FIRM ALSO CONSISTENTLY MISREPORTED RISKLESS PRINCIPAL TRADES. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE; FAILED TO DISCLOSE THE CORRECT PRICE ON ONE OCCASION AND DISCLOSED THE INCORRECT MARKET CENTER ON CUSTOMER CONFIRMATIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BEST EXECUTION, THE THREE QUOTE RULE, OATS, SEC RULE 11AC1-6, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, ANTICOMPETITIVE PRACTICES, SHORT SALES, RECORD KEEPING, TRADE REPORTING, ACT REPORTING, REGISTRATION, QUOTING OR TRADING DURING A TRADING HALT AND NASD RULES 5262, 5263, 6330 AND 2320(G)(2). THE FINDINGS ALSO INCLUDED THAT THE FIRM, ACTING THROUGH EMPLOYEES, FAILED TO ADEQUATELY ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT REQUIRED THE FIRM TO CONDUCT AND DOCUMENT SOME OF THE REVIEWS DESCRIBED IN ITS PROCEDURES.

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Reporting Source:	Firm
Current Status:	Final
Allegations:	FINDINGS STATED THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE,INCOMPLETE OR IMPROPERLY FORMATTED DATA. FINDINGS STATED THERE WERE OMISSIONS AND INACCURACIES RELATING TO THE MEMORANDUM OF BROKERAGE ORDERS AND FIRM'S OTHER RECORDS;AND THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS,THE FIRST TWO IN AN ACCESSIBLE PLACE,THE MEMORANDUM OF CERTAIN BROKERAGE ORDERS. FINDINGS STATED THE FIRM IMPROPERLY HANDLED SHORT SALES AND REPORTING OF SHORT SALES DUE TO A MISUNDERSTANDING AS TO WHEN A TRANSACTION WAS A SHORT SALE. EMPLOYEES OF THE FIRM BELIEVED THAT WHEN THE FIRM HELD A CUSTOMER SELL ORDER,AND EXECUTED TRANSACTIONS WITH OTHER MARKET PARTICIPANTS ON A RISKLESS PRINCIPAL BASIS,THAT THE FIRM WAS SELLING LONG OR SHORT BASED ON THE CUSTOMER ORDER. FINDINGS STATED THE FIRM FAILED TO REPORT THE TIME OF EXECUTION FOR CROSS TRANSACTIONS,FAILED TO REPORT THE CORRECT TIME OF EXECUTION IN CERTAIN CIRCUMSTANCES,FAILED TO REPORT SOME TRADES,FAILED TO TIMELY SUBMIT CANCELLATION REPORTS,INCORRECTLY REPORTED CERTAIN TRADES AS NON-TAPE TRANSACTIONS AND INCORRECTLY REPORTED CAPACITY,DUE TO A MISUNDERSTANDING OF WHEN A TRADE WAS A RISKLESS PRINCIPAL TRADE,THE FIRM MISREPORTED RISKLESS PRINCIPAL TRADES. FINDINGS STATED THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION ON NINE OCCASIONS DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE,FAILED TO DISCLOSE THE CORRECT PRICE ON ONE OCCASION AND DISCLOSED THE INCORRECT MARKET CENTER ON CUSTOMER CONFIRMATIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO LAWS/REGULATIONS/RULES THAT WERE FOUND TO BE VIOLATED IN THE FINDINGS,AMONG OTHER THINGS. FINDINGS STATED THE FIRM,ACTING THROUGH EMPLOYEES,FAILED TO ADEQUATELY ENFORCE CERTAIN OF ITS WRITTEN SUPERVISORY PROCEDURES. FINDINGS STATED THE FIRM,ACTING THROUGH AN EMPLOYEE,FAILED TO REGISTER A PERSON ACTING AS PRINCIPAL.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)
Date Initiated:	08/01/2007
Docket/Case Number:	20050033034-01
Principal Product Type:	Equity - OTC

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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:	08/01/2007
Sanctions Ordered:	Censure Monetary/Fine $265,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED AND FINED $225,000. ADDITIONALLY A FINE OF $10,000 WAS LEVIED JOINTLY AND SEVERALLY AGAINST THE FIRM AND KNUT GREVLE AND A FINE OF $30,000 WAS LEVIED JOINTLY AND SEVERALLY AGAINST THE FIRM AND SHERRY TEJEDA (FORMER CONTROL AFFILIATE).
Firm Statement	$265,000 PAID ON 8/23/2007

Disclosure 3 of 6

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULES 2110, 3010 AND 3110, NASD MARKETPLACE RULE 4632, AND SEC RULES 17A-3 AND 17A-4 - RESPONDENT MEMBER ("FIRM") FAILED TO REPORT THE CORRECT TIME OF EXECUTION THROUGH ACT IN LAST SALE REPORTS OF TRANSACTIONS IN NNM SECURITIES. THE FIRM FAILED TO DESIGNATE AS ".T" THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN NNM SECURITIES EXECUTED OUTSIDE NORMAL MARKET HOURS. THE FIRM ALSO INCORRECTLY DESIGNATED AS ".SLD" THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN NNM SECURITIES REPORTED TO ACT WITHIN 90 SECONDS OF EXECUTION. THE FIRM FURTHER FAILED TO SHOW THE TIME OF ENTRY AND EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. IN ADDITION, THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, THE MEMORANDUM OF THREE BROKERAGE ORDERS. FURTHERMORE, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD CONCERNING TRADE REPORTING. SPECIFICALLY, THE FIRM'S

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	SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE PERSON(S) IDENTIFIED AS RESPONSIBLE FOR SUPERVISION. THE FIRM FAILED TO REASONABLY AND PROPERLY SUPERVISE THE FIRM'S TRADE REPORTING ACTIVITIES.
Initiated By:	NASD
Date Initiated:	11/25/2003
Docket/Case Number:	CMS030279
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:	11/25/2003
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 $13,500.00
Other Sanctions Ordered:	UNDERTAKING.
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, FINED $13,500, AND REQUIRED TO UNDERTAKE TO REVISE THE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD CONCERNING TRADE REPORTING WITHIN 30 BUSINESS DAYS.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FAILED TO REPORT CORRECT TIME OF EXECUTION THROUGH ACT IN LAST

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	SALE REPORTS OF TRANSACTIONS IN NNM SECURITIES. FAILED TO DESIGNATE AS ".T" TRANSACTIONS EXECUTED OUTSIDE NORMAL BUSINESS HOURS. INCORRECTLY DESIGNATED AS ".SLD" EXECUTION REPORTS THAT TOOK PLACE WITHIN 90 SECONDS OF EXECUTION. FAILED TO SHOW TIME OF ENTRY AND EXECUTION ON ORDER TICKETS. FAILED TO PRESERVE WITHIN 3 YEARS, 2 IN AN EASILY ACCESSIBLE PLACE (3 TICKETS). WRITTEN SUPERVISORY PROCEDURES DID NOT IDENTIFY STEPS TO BE TAKEN BY PERSON RESPONSIBLE.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)
Date Initiated:	10/04/2002
Docket/Case Number:	AWC #CMS030279
Principal Product Type:	Equity - OTC
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:	11/25/2003
Sanctions Ordered:	Censure Monetary/Fine $13,500.00
Other Sanctions Ordered:	REVISE WRITTEN SUPERVISORY PROCEDURES
Sanction Details:	FINE: $13,500.00 (PAID 12/11/03) CENSURE LETTER COMFIRMING PROCEDURE REVISION

Disclosure 4 of 6

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 11AC1-6 - RESPONDENT MEMBER FAILED TO MAKE PUBLICLY AVAILABLE FOR THE FIRST CALENDAR QUARTER OF 2002 A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. RESPONDENT MEMBER ALSO FAILED TIMELY TO MAKE PUBLICLY AVAIABLE FOR THE SECOND CALENDAR QUARTER OF 2002 A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER.

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Initiated By:	NASD
Date Initiated:	07/24/2003
Docket/Case Number:	CMS030172
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:	07/24/2003
Sanctions Ordered:	Monetary/Fine $2,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED $2,000.

Reporting Source:	Firm
Current Status:	Final
Allegations:	1. B. RILEY & CO. FAILED TO MAKE PUBLICLY AVAILABLE FOR THE FIRST CALENDAR QUARTER OF 2002 A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. 2. B. RILEY & CO FAILED TIMELY TO MAKE PUBLICLY AVAILABLE FOR THE SECOND CALENDAR QUARTER OF 2002 A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. 3. THIS CONSTITUTED A VIOLATION OF SEC RULE 11AC1-6.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)
Date Initiated:	06/20/2003
Docket/Case Number:	CMS030172 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	EQUITY LISTED

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Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/24/2003
Sanctions Ordered:	Censure Monetary/Fine $2,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE PAID DECEMBER 2003

Disclosure 5 of 6

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 3010, AND 6955(B)(2) - THE FIRM FAILED TO TRANSMIT TO ORDER AUDIT TRAIL SYSTEM (OATS) ORDER DATE FOR ITS ORDERS FOR EQUITY SECURITIES TRADED ON THE NASDAQ STOCK MARKET THAT WAS REQUIRED TO BE REPORTED PURSUANT TO NASD SYSTEMS AND PROGRAM RULE 6955(A); AND, THE FIRM THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING FIRM QUOTATIONS. SPECIFICALLY, THE FIRM?S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE AT THE FIRM TO ENSURE COMPLIANCE WITH THE APPLICABLE RULES, A STATEMENT OF THE STEP(S) THAT SUCH PERSON(S) SHOULD TAKE TO ENSURE COMPLIANCE THEREWITH, A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S), AND A STATEMENT AS TO HOW ENFORCEMENT OF SUCH WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED AT THE FIRM.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	10/26/2001
Docket/Case Number:	CMS000253
Principal Product Type:	Equity - OTC
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:	10/26/2001
Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	
Sanction Details:	REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO OATS WITHIN 30 DAYS OF THE ACCEPTANCE OF THIS AWC BY THE NAC.
Regulator Statement	04/19/02AC FINES & COST PAID IN FULL $7,500.00 11/02/01 INVOICE #01- MS-663

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE FIRM'S SUPERVISORY SYSTEM FAILED TO DETECT THAT DURING THE PERIOD 8/1/99 TO 11/16/99, THE FIRM'S CLEARING FIRM, PURSUANT TO A WRITTEN AGREEMENT FAILED TO TRANSMIT TO OATS ANY ORDER DATA FOR ITS EQUITY SECURITIES TRADED ON THE NASDAQ STOCK MARKET THAT WAS REQUIRED TO BE REPORTED PURSUANT TO NASD SYSYTEMS AND PROGRAMS RULE 6955(A).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)
Date Initiated:	10/26/2001
Docket/Case Number:	AWC/CMS000253
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Undertaking
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/26/2001

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Sanctions Ordered:	Censure Monetary/Fine $7,500.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED $7,500. FIRM ALSO WAS TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO OATS WITHIN 30 DAYS OF THE ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 6 of 6

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/02/1998
Docket/Case Number:	C0280047
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/02/1998
Sanctions Ordered:	Censure Monetary/Fine $12,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	ON SEPTEMBER 2, 1998, DISTRICT NO. 2 NOTIFIED RESPONDENTS B. RILEY & COMPANY, INC. AND BRYANT R. RILEY THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C02980047 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED $12,000, JOINTLY AND SEVERALLY - (NASD RULES 2110 AND 3010 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT RILEY, REPORTED TRANSACTIONS TO ("ACT") IN VIOLATION OF APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING TRADE REPORTING; AND, FAILED TO

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ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES
REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE
SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE RULES RELATING TO THE DESIGNATION OF SUPERVISORY PERSONNEL, TRADE REPORTING, AND RECORDKEEPING).

$12,000.00 PAID J&S ON 10/8/98, INVOICE #98-02-738

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE AWC WAS SUBMITTED FOR ALLEGED RULE VIOLATIONS. THE AWC WAS MADE WITHOUT ADMITTING OR DENYING THE ALLEGATIONS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)
Date Initiated:	07/02/1998
Docket/Case Number:	C0280047
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	THIS IS AN ADMINISTRATIVE PROCEEDING (LETTER OF ACCEPTANCE, WAIVER AND CONSENT)
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/02/1998
Sanctions Ordered:	Censure Monetary/Fine $12,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM AND BRYANT RILEY WERE CENSURED AND FINED $12,000, JOINTLY AND SEVERALLY.

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End of Report

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