

BrokerCheck Report

KESTRA INVESTMENT SERVICES, LLC

CRD# 42046

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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:

- o 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
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



KESTRA INVESTMENT SERVICES, LLC

CRD# 42046

SEC# 8-49672

Main Office Location

5707 SOUTHWEST PARKWAY
BUILDING 2, SUITE 400
AUSTIN, TX 78735
Regulated by FINRA Dallas Office

Mailing Address

5707 SOUTHWEST PARKWAY
BUILDING 2, SUITE 400
AUSTIN, TX 78735

Business Telephone Number

844-553-7872

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 limited liability company.

This firm was formed in Texas on 09/01/2014.

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 14 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	13
Arbitration	2



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Texas on 09/01/2014.

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.

KESTRA INVESTMENT SERVICES, LLC

Doing business as KESTRA INVESTMENT SERVICES, LLC

CRD# 42046

SEC# 8-49672

Main Office Location

5707 SOUTHWEST PARKWAY
BUILDING 2, SUITE 400
AUSTIN, TX 78735

Regulated by FINRA Dallas Office

Mailing Address

5707 SOUTHWEST PARKWAY
BUILDING 2, SUITE 400
AUSTIN, TX 78735

Business Telephone Number

844-553-7872



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):	KESTRA FINANCIAL, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SOLE MEMBER
Position Start Date	10/2014
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BENNETT, JOEL VAN 2047878
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF FINANCIAL OFFICER
Position Start Date	08/2016
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	CHESTER, KRISTEN LAWLESS 6896952
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF OPERATING OFFICER, EXECUTIVE VICE PRESIDENT
Position Start Date	08/2018

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): PEDLOW, MICHAEL ROSS
4871563

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

Position CHIEF COMPLIANCE OFFICER, SENIOR VICE PRESIDENT

Position Start Date 04/2015

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): POER, JAMES LYNN
1983357

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

Position CHIEF EXECUTIVE OFFICER, PRESIDENT

Position Start Date 07/2008

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): SCHOENBECK, MARK PAUL

Firm Profile



Direct Owners and Executive Officers (continued)

	2625829
Is this a domestic or foreign entity or an individual?	Individual
Position	EXECUTIVE VICE PRESIDENT
Position Start Date	01/2016
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
<hr/>	
Legal Name & CRD# (if any):	VANDERHEYDEN, JOHN PATRICK 2235802
Is this a domestic or foreign entity or an individual?	Individual
Position	EXECUTIVE VICE PRESIDENT
Position Start Date	01/2009
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
<hr/>	
Legal Name & CRD# (if any):	YIN, YIN 3219513
Is this a domestic or foreign entity or an individual?	Individual
Position	CONTROLLER
Position Start Date	09/2007
Percentage of Ownership	Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	KESTRA ADVISOR SERVICES HOLDINGS A, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	KESTRA ADVISOR SERVICES HOLDINGS B, INC
Relationship to Direct Owner	OWNER
Relationship Established	10/2014
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	KESTRA ADVISOR SERVICES HOLDINGS B, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	KESTRA ADVISOR SERVICES HOLDINGS C, INC
Relationship to Direct Owner	OWNER
Relationship Established	10/2014
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	KESTRA ADVISOR SERVICES HOLDINGS C, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity



Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established KESTRA FINANCIAL, INC

Relationship to Direct Owner OWNER

Relationship Established 10/2014

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): KESTRA FINANCIAL HOLDINGS LP

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

Company through which indirect ownership is established KESTRA ADVISOR SERVICES HOLDING A, INC

Relationship to Direct Owner OWNER

Relationship Established 06/2016

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): KESTRA FINANCIAL HOLDINGS GP LLC

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

Company through which indirect ownership is established KESTRA FINANCIAL HOLDINGS LP

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 04/2016



Firm Profile

Indirect Owners (continued)

Percentage of Ownership Other General Partners

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

Is this a public reporting company? No

Legal Name & CRD# (if any): TRIDENT VI PARALLEL FUND, LP

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

Company through which indirect ownership is established KESTRA FINANCIAL HOLDINGS LP

Relationship to Direct Owner MEMBER

Relationship Established 04/2016

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): TRIDENT VI, LP

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

Company through which indirect ownership is established KESTRA FINANCIAL HOLDINGS LP

Relationship to Direct Owner MEMBER

Relationship Established 04/2016

Percentage of Ownership Other General Partners

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Firm Profile



Indirect Owners (continued) company?

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	03/07/1997

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	03/07/1997



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	04/24/1997	North Carolina	Approved	03/17/1997
Alaska	Approved	07/23/1998	North Dakota	Approved	08/11/1997
Arizona	Approved	03/18/1997	Ohio	Approved	05/15/1997
Arkansas	Approved	04/29/1997	Oklahoma	Approved	03/24/1997
California	Approved	03/14/1997	Oregon	Approved	04/04/1997
Colorado	Approved	03/27/1997	Pennsylvania	Approved	04/16/1997
Connecticut	Approved	04/11/1997	Puerto Rico	Approved	06/08/2001
Delaware	Approved	03/18/1997	Rhode Island	Approved	03/20/1997
District of Columbia	Approved	05/11/1997	South Carolina	Approved	03/21/1997
Florida	Approved	04/02/1997	South Dakota	Approved	04/04/1997
Georgia	Approved	03/27/1997	Tennessee	Approved	05/16/1997
Hawaii	Approved	08/08/1997	Texas	Approved	01/24/1997
Idaho	Approved	03/17/1997	Utah	Approved	03/25/1997
Illinois	Approved	04/03/1997	Vermont	Approved	05/05/1997
Indiana	Approved	03/26/1997	Virgin Islands	Approved	06/14/2005
Iowa	Approved	03/27/1997	Virginia	Approved	04/22/1997
Kansas	Approved	05/01/1997	Washington	Approved	03/20/1997
Kentucky	Approved	04/21/1997	West Virginia	Approved	04/14/1997
Louisiana	Approved	04/07/1997	Wisconsin	Approved	04/09/1997
Maine	Approved	07/16/1997	Wyoming	Approved	07/28/1997
Maryland	Approved	03/28/1997			
Massachusetts	Approved	03/25/1997			
Michigan	Approved	04/28/1997			
Minnesota	Approved	04/11/1997			
Mississippi	Approved	04/11/1997			
Missouri	Approved	06/26/1997			
Montana	Approved	06/25/1997			
Nebraska	Approved	04/18/1997			
Nevada	Approved	03/12/1997			
New Hampshire	Approved	05/20/1997			
New Jersey	Approved	04/23/1997			
New Mexico	Approved	04/28/1997			
New York	Approved	04/01/1997			



Firm Operations

Types of Business

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

This firm currently conducts 14 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
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
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: KESTRA INVESTMENT SERVICES LLC IS ALSO AN INSURANCE LICENSED FIRM.

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: 260 FRANKLIN ST.
SUITE L7B
BOSTON, MA 02110

Effective Date: 01/21/1999

Description: KESTRA INVESTMENT SERVICES, LLC HAS A FULLY DISCLOSED "PRIMARY CORRESPONDENT" RELATIONSHIP WITH NATIONAL FINANCIAL SERVICES, LLC ("NFSC") AS CLEARING FIRM.

Firm Operations**Industry Arrangements****This firm does have books or records maintained by a third party.**

Name: CITIES DIGITAL

Business Address: 2000 O'NEIL ROAD
SUITE 150
HUDSON, WI 54016

Effective Date: 05/01/2016

Description: ELECTRONIC DATA IMAGING (LASERFICHE) ARRANGEMENT FOR BOOKS AND RECORDS DESIGNED TO COMPLY WITH APPLICABLE RULES AND REGULATIONS REQUIRING THAT ELECTRONIC DATA BE STORED IN A MEDIUM THAT CANNOT BE ALTERED

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 260 FRANKLIN ST.
SUITE L7B
BOSTON, MA 02110

Effective Date: 01/21/1999

Description: KESTRA INVESTMENT SERVICES, LLC HAS A FULLY DISCLOSED "PRIMARY CORRESPONDENT" RELATIONSHIP WITH NATIONAL FINANCIAL SERVICES, LLC ("NFSC") AS CLEARING FIRM.

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

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 260 FRANKLIN ST.
SUITE L7B
BOSTON, MA 02110

Effective Date: 01/21/1999

Description: KESTRA INVESTMENT SERVICES, LLC HAS A FULLY DISCLOSED "PRIMARY CORRESPONDENT" RELATIONSHIP WITH NATIONAL FINANCIAL SERVICES, LLC ("NFSC") AS CLEARING FIRM.

Control Persons/Financing

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

Firm Operations

Industry Arrangements (continued)



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.

H. BECK, INC. is under common control with the firm.

CRD #:	1763
Business Address:	6600 ROCKLEDGE DRIVE 6TH FLOOR BETHESDA, MD 20817
Effective Date:	12/01/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	DIRECTLY OWNED BY, OR INDIRECTLY UNDER COMMON CONTROL WITH, KESTRA FINANCIAL INC, THE PARENT COMPANY OF APPLICANT

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

CRD #:	283330
Business Address:	5707 SOUTHWEST PARKWAY BUILDING 2, SUITE 400 AUSTIN, TX 78735
Effective Date:	04/04/2016
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes

Firm Operations**Organization Affiliates (continued)**

Description: THE APPLICANT AND THE RIA ARE UNDER COMMON CONTROL WITH DIRECT PARENT COMPANY, KESTRA FINANCIAL INC.

KESTRA PRIVATE WEALTH SERVICES, LLC is under common control with the firm.

CRD #: 155193

Business Address: 3570 MOUNT CARMEL RD.
SUITE 150
SAN DIEGO, CA 92130

Effective Date: 03/10/2014

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: DIRECTLY OWNED BY, OR INDIRECTLY UNDER COMMON CONTROL WITH, KESTRA FINANCIAL INC, THE PARENT COMPANY OF APPLICANT

KESTRA INSTITUTIONAL SERVICES, LLC is under common control with the firm.

CRD #: 151790

Business Address: 5707 SOUTHWEST PARKWAY
BLDG 2 SUITE 400
AUSTIN, TX 78735

Effective Date: 07/01/2009

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: DIRECTLY OWNED BY, OR INDIRECTLY UNDER COMMON CONTROL WITH, KESTRA FINANCIAL INC, THE PARENT COMPANY OF APPLICANT

PROVISE MANAGEMENT GROUP, LLC is under common control with the firm.

CRD #: 105375

Business Address: 611 DRUID RD, STE 105

Firm Operations**Organization Affiliates (continued)**

CLEARWATER, FL 33756

Effective Date: 01/10/2002

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: DIRECTLY OWNED BY, OR INDIRECTLY UNDER COMMON CONTROL WITH, KESTRA FINANCIAL INC, THE PARENT COMPANY OF APPLICANT

BEACON FINANCIAL GROUP is under common control with the firm.

CRD #: 110038

Business Address: 17300 PRESTON RD
SUITE 120E
DALLAS, TX 75252

Effective Date: 01/01/2000

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: DIRECTLY OWNED BY, OR INDIRECTLY UNDER COMMON CONTROL WITH, KESTRA FINANCIAL INC, THE PARENT COMPANY OF APPLICANT

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	13	0
Arbitration	N/A	2	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o 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:**
 - o 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:**
 - o 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.
 - o 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 13

Reporting Source: Regulator
Current Status: Final



Allegations: FAILED TO REASONABLY SUPERVISE ONE AGENT IN CONNECTION WITH HIS SALES OF STRUCTURED PRODUCTS TO CERTAIN OF HIS CLIENTS IN PA.

Initiated By: PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES; CONTACT IS JOHN CHIAPPETTA, ATTORNEY 412-565-3646

Date Initiated: 04/02/2019

Docket/Case Number: 190039

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 04/02/2019

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

Sanctions Ordered: Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: ADMINISTRATIVE ASSESSMENT DUE WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THE ORDER.

Regulator Statement MATTER WAS RESOLVED BY CONSENT AGREEMENT ORDER (CAO).

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED FAILURE FROM APRIL 2009 TO MARCH 2010 TO MAINTAIN A REASONABLE SYSTEM FOR APPLYING AND ENFORCING WRITTEN PROCEDURES PERTAINING TO THE SALE OF REAL ESTATE INVESTMENT TRUSTS BY ONE REPRESENTATIVE IN PENNSYLVANIA.

Initiated By: PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES



Date Initiated: 04/02/2019

Docket/Case Number: 19-0039

Principal Product Type: Options

Other Product Type(s): REAL ESTATE INVESTMENT TRUSTS

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/02/2019

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGED VIOLATION, KESTRA INVESTMENT SERVICES, LLC ("KESTRA IS") AGREED TO THE ENTRY OF A CONSENT AGREEMENT AND ORDER WITH THE COMMONWEALTH OF PENNSYLVANIA PURSUANT TO WHICH KESTRA IS PAID A FINE OF \$30,000

Firm Statement

ON APRIL 2, 2019, WITHOUT ADMITTING OR DENYING THE ALLEGED VIOLATION, KESTRA INVESTMENT SERVICES, LLC ("KESTRA IS") AGREED TO THE ENTRY OF A CONSENT AGREEMENT AND ORDER WITH THE COMMONWEALTH OF PENNSYLVANIA PURSUANT TO WHICH KESTRA IS PAID A FINE OF \$30,000 IN CONNECTION WITH THE COMPANY'S ALLEGED FAILURE FROM APRIL 2009 TO MARCH 2010 TO MAINTAIN A REASONABLE SYSTEM FOR APPLYING AND ENFORCING WRITTEN PROCEDURES PERTAINING TO THE SALE OF REAL ESTATE INVESTMENT TRUSTS BY ONE REPRESENTATIVE IN PENNSYLVANIA.

Disclosure 2 of 13

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 DISADVANTAGED CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS THAT WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE. THE FINDINGS STATED THAT THESE ELIGIBLE CUSTOMERS



WERE INSTEAD SOLD CLASS A SHARES WITH A FRONT-END SALES CHARGE, OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES. THESE SALES DISADVANTAGED ELIGIBLE CUSTOMERS BY CAUSING SUCH CUSTOMERS TO PAY HIGHER FEES THAN THEY WERE ACTUALLY REQUIRED TO PAY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE APPLICATION OF SALES CHARGE WAIVERS AND SHARE CLASS DETERMINATIONS FOR ELIGIBLE MUTUAL FUND SALES. THE FIRM RELIED ON ITS FINANCIAL ADVISORS TO DETERMINE THE APPLICABILITY OF SALES CHARGE WAIVERS, BUT FAILED TO MAINTAIN REASONABLY DESIGNED WRITTEN POLICIES OR PROCEDURES TO ASSIST FINANCIAL ADVISORS IN MAKING THIS DETERMINATION. FOR INSTANCE, THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN PROCEDURES TO IDENTIFY APPLICABLE SALES CHARGE WAIVERS IN FUND PROSPECTUSES FOR ELIGIBLE CUSTOMERS. IN ADDITION, THE FIRM FAILED TO ADEQUATELY NOTIFY AND TRAIN ITS FINANCIAL ADVISORS REGARDING THE AVAILABILITY OF MUTUAL FUND SALES-CHARGE WAIVERS FOR ELIGIBLE CUSTOMERS. THE FIRM ALSO FAILED TO ESTABLISH REASONABLY DESIGNED CONTROLS TO DETECT INSTANCES IN WHICH THEY DID NOT PROVIDE SALES CHARGE WAIVERS TO ELIGIBLE CUSTOMERS IN CONNECTION WITH THEIR MUTUAL FUND PURCHASES. AS A RESULT OF THE FIRM'S FAILURE TO APPLY AVAILABLE SALES-CHARGE WAIVERS, THE FIRM OVERCHARGED ELIGIBLE CUSTOMERS APPROXIMATELY \$1,648,984 FOR MUTUAL FUND PURCHASES MADE BETWEEN JULY 1, 2009 AND FEBRUARY 22, 2018.

Initiated By: FINRA

Date Initiated: 02/13/2019

Docket/Case Number: [2016048404601](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/13/2019



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: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$225,000, AND REQUIRED TO PROVIDE FINRA WITH A PLAN TO REMEDIATE ELIGIBLE CUSTOMERS WHO QUALIFIED FOR, FROM JULY 1, 2009 TO FEBRUARY 22, 2018, BUT DID NOT RECEIVE, THE APPLICABLE MUTUAL FUND SALES-CHARGE WAIVER OR APPROPRIATE SHARE CLASS. AS PART OF THIS SETTLEMENT, THE FIRM AGREES TO PAY RESTITUTION TO ELIGIBLE CUSTOMERS, WHICH IS ESTIMATED TO TOTAL \$1,947,704 (THE AMOUNT ELIGIBLE CUSTOMERS WERE OVERCHARGED, INCLUSIVE OF INTEREST). FINES PAID IN FULL ON FEBRUARY 21, 2019.

Reporting Source: Firm

Current Status: Final

Allegations: ON FEBRUARY 13, 2019, KESTRA INVESTMENT SERVICES, LLC (KESTRA IS) AND THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) AGREED TO THE TERMS OF A LETTER OF ACCEPTANCE, WAIVER AND CONSENT IN CONNECTION WITH THE KESTRA IS'S ALLEGED FAILURE TO IDENTIFY AND APPLY AVAILABLE SALES CHARGE WAIVERS TO ELIGIBLE RETIREMENT AND CHARITABLE ORGANIZATION ACCOUNTS IN VIOLATION OF NASD RULES 3010(A) AND (B) AND FINRA RULES 3110 (A) AND (B) AND 2010. WITHOUT ADMITTING OR DENYING THE FINDINGS, KESTRA IS AGREED TO ACCEPT A CENSURE, PAY A FINE OF \$225,000 AND PAY ELIGIBLE CUSTOMERS AN ESTIMATED \$1,947,704.

Initiated By: FINRA

Date Initiated: 02/13/2019

Docket/Case Number: [2016048404601](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/13/2019

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, AND WILL PAY A FINE OF \$225,000 AND PAY ELIGIBLE CUSTOMERS AN ESTIMATED \$1,947,704.

Disclosure 3 of 13

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF INSURANCE LAW AND REGULATIONS, OPERATED IN THE STATE OF NEW YORK WITHOUT AN ACTIVE SUBLICENSEE, IN VIOLATION OF SECTION 2103(C) OF THE INSURANCE LAW.

Initiated By: NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

Date Initiated: 08/21/2017

Docket/Case Number: 2017-0061-S

Principal Product Type: Other

Other Product Type(s): VIOLATION OF INSURANCE LAW AND REGULATIONS

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

Other Sanction(s)/Relief Sought: FINE OF \$750.00

Resolution: Settled

Resolution Date: 08/21/2017

Sanctions Ordered: Monetary/Fine \$750.00

Other Sanctions Ordered:

Sanction Details: RESPONDENT AGREES TO TAKE ALL NECESSARY STEPS TO PREVENT THE RECURRENCE OF SIMILAR VIOLATIONS



Disclosure 4 of 13

Reporting Source:	Firm
Current Status:	Final
Allegations:	FAILURE TO TIMELY FILE NOTICE OF ANNUAL VIATICAL SETTLEMENT BROKER REPORT DATED JUNE 29, 2016.
Initiated By:	NORTH CAROLINA DEPARTMENT OF INSURANCE
Date Initiated:	05/19/2017
Docket/Case Number:	N/A
Principal Product Type:	Other
Other Product Type(s):	FAILURE TO TIMELY FILE NOTICE TO THE INSURANCE DIVISION.
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CIVIL PENALTY OF \$250.00
Resolution:	Settled
Resolution Date:	05/19/2017
Sanctions Ordered:	Monetary/Fine \$250.00
Other Sanctions Ordered:	
Sanction Details:	SIGNED VOLUNTARY SETTLEMENT AGREEMENT AND CHECK FOR \$250.00 ISSUED TO NORTH CAROLINA DEPARTMENT OF INSURANCE ON 5/19/2017
Firm Statement	FAILURE TO TIMELY FILE NOTICE OF ANNUAL VIATICAL SETTLEMENT BROKER REPORT DATED JUNE 29, 2016.

Disclosure 5 of 13

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 REASONABLY SUPERVISE ITS REGISTERED REPRESENTATIVES' RECOMMENDATION OF MULTI-SHARE CLASS VARIABLE ANNUITIES (VAS) TO ITS CUSTOMERS AND FAILED TO PROVIDE TRAINING TO ITS REGISTERED REPRESENTATIVES AND PRINCIPALS ON THE SALE AND SUPERVISION OF MULTI-SHARE CLASS VAS. THE FINDINGS STATED THAT OF THE FIRM'S VA SALES, APPROXIMATELY 19 PERCENT, TOTALING \$52



MILLION IN INVESTMENTS, WERE L-SHARE CONTRACTS. DESPITE THE SIGNIFICANT ROLE THAT VA SALES PLAYED IN THE FIRM'S OVERALL BUSINESS, THE FIRM FAILED TO IMPLEMENT A SUPERVISORY SYSTEM AND PROCEDURES DESIGNED TO REASONABLY ENSURE SUITABILITY IN ITS MULTI-SHARE CLASS VA SALES, INCLUDING L-SHARE CONTRACTS. INSURANCE COMPANIES DESIGN L-SHARE CONTRACTS SO THAT CUSTOMERS PAY A HIGHER FEE FOR THE BENEFIT OF A SHORTER SURRENDER PERIOD. PURSUANT TO THE TERMS ESTABLISHED BY THE INSURANCE COMPANY MANUFACTURERS, IF A PURCHASER CHOOSES NOT TO SURRENDER AN L-SHARE CONTRACT DURING THE SURRENDER PERIOD, THE PURCHASER CONTINUES TO PAY A HIGHER ANNUAL FEE FOR THE LIFE OF THE CONTRACT, UNLESS THE CONTRACT PROVIDES FOR A "PERSISTENCY CREDIT." DESPITE THE FACT THAT 19 PERCENT OF THE VAS SOLD AT THE FIRM DURING THE RELEVANT TIME PERIOD WERE L-SHARE CONTRACTS, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATED TO THE SALE OF MULTI-SHARE CLASS VAS. THE FIRM'S WSPS AND TRAINING MATERIALS FAILED TO PROVIDE REGISTERED REPRESENTATIVES AND PRINCIPALS GUIDANCE OR SUITABILITY CONSIDERATIONS FOR SALES OF DIFFERENT VA SHARE CLASSES. BECAUSE OF THE LACK OF TRAINING AND GUIDANCE, REGISTERED REPRESENTATIVES DID NOT HAVE THE TOOLS TO PRESENT POTENTIAL PURCHASERS WITH A SIDE-BY-SIDE COMPARISON OF THE FEES AND SURRENDER CHARGES OR OTHER INFORMATION DETAILING THE POTENTIAL IMPACT OF THE INCREASED FEE IF THE L-SHARE CONTRACT WAS HELD BY THE CUSTOMER FOR A LONG TERM. IN ADDITION, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WSPS OR PROVIDE SUFFICIENT GUIDANCE OR TRAINING TO THEIR REGISTERED REPRESENTATIVES AND THEIR PRINCIPALS ON THE SALE OF LONG TERM INCOME RIDERS WITH MULTI-SHARE CLASS VAS, PARTICULARLY THE COMBINATION OF L-SHARE CONTRACTS WITH LONG-TERM INCOME RIDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO REVIEW AND MONITOR CONSOLIDATED REPORTS SENT TO CUSTOMERS BY REGISTERED REPRESENTATIVES. THE FIRM SUPERVISED THE GENERATION AND DISSEMINATION OF CONSOLIDATED REPORTS IN THE SAME MANNER THAT IT SUPERVISED CORRESPONDENCE GENERALLY. IF A CONSOLIDATED REPORT WAS SENT TO A CLIENT VIA MAIL OR PERSONAL DELIVERY, THEN THE REPRESENTATIVE WAS REQUIRED TO SUBMIT THE REPORT FOR REVIEW THROUGH THE ADVERTISING COMPLIANCE REVIEW (ACR) SYSTEM, WHICH REQUIRES THAT SALES SUPERVISORS REVIEW AND APPROVE OUTGOING CORRESPONDENCE. THE FIRM'S REVIEW OF CONSOLIDATED REPORTS SUBMITTED TO THIS SYSTEM WAS GENERALLY LIMITED TO DETERMINING



WHETHER SUCH REPORTS WERE CONSISTENT WITH THE PRE-APPROVED TEMPLATE, AND DID NOT INCLUDE AN INDEPENDENT VERIFICATION OF WHETHER ASSET VALUES PROVIDED ON THE REPORTS WERE ACCURATE. CONSOLIDATED REPORTS THAT WERE DISSEMINATED TO CUSTOMERS VIA EMAIL WERE NOT REQUIRED TO BE SUBMITTED THROUGH THE ACR SYSTEM. INSTEAD, SUCH REPORTS WERE REVIEWED ONLY AS PART OF THE FIRM'S EMAIL REVIEW PROCESS. AS A RESULT, AN EMAILED CONSOLIDATED REPORT WOULD BE REVIEWED ONLY IF IT WAS SELECTED FOR A "SPOT CHECK" OR WAS FLAGGED BECAUSE IT UTILIZED ONE OF THE FIRM'S SELECTED LEXICONS OF POTENTIALLY PROBLEMATIC WORDS. THE FIRM'S WSPS REGARDING CONSOLIDATED REPORTS DID NOT REQUIRE THE INDEPENDENT VERIFICATION OF ASSET VALUES THAT WERE PROVIDED ON THE REPORTS AND DID NOT REQUIRE THE SENDING OF BACK-UP DATA TO ALLOW FOR VERIFICATION OF THE SUBSTANTIVE ACCURACY OF THE DATA.

Initiated By: FINRA

Date Initiated: 11/02/2016

Docket/Case Number: [2014039418401](#)

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: 11/02/2016

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 \$475,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$475,000. FINES PAID IN FULL ON NOVEMBER 15, 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 REASONABLY SUPERVISE ITS REGISTERED REPRESENTATIVES' RECOMMENDATION OF MULTI-SHARE CLASS VARIABLE ANNUITIES (VAS) TO ITS CUSTOMERS. THE FINDINGS STATED THAT DESPITE THE SIGNIFICANT ROLE THAT VA SALES PLAYED IN THE FIRM'S OVERALL BUSINESS, THE FIRM FAILED TO IMPLEMENT A SUPERVISORY SYSTEM AND PROCEDURES DESIGNED TO REASONABLY ENSURE SUITABILITY IN ITS MULTI-SHARE CLASS VA SALES, INCLUDING L-SHARE CONTRACTS. THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATED TO THE SALE OF MULTI-SHARE CLASS VAS. THE FIRM'S WSPS AND TRAINING MATERIALS FAILED TO PROVIDE REGISTERED REPRESENTATIVES AND PRINCIPALS GUIDANCE OR SUITABILITY CONSIDERATIONS FOR SALES OF DIFFERENT VA SHARE CLASSES. THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WSPS OR PROVIDE SUFFICIENT GUIDANCE OR TRAINING TO THEIR REGISTERED REPRESENTATIVES AND THEIR PRINCIPALS ON THE SALE OF LONG TERM INCOME RIDERS WITH MULTI-SHARE CLASS VAS, PARTICULARLY THE COMBINATION OF L-SHARE CONTRACTS WITH LONG-TERM INCOME RIDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO REVIEW AND MONITOR CONSOLIDATED REPORTS SENT TO CUSTOMERS BY REGISTERED REPRESENTATIVES.

Initiated By: FINRA

Date Initiated: 11/02/2016

Docket/Case Number: [2014039418401](#)

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: 11/02/2016

Sanctions Ordered: Censure
Monetary/Fine \$475,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$475,000.

Disclosure 6 of 13

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 SUPERVISE PRIVATE SECURITIES TRANSACTIONS OF REGISTERED REPRESENTATIVES WHO WERE DUALY REGISTERED WITH IT AND A REGISTERED INVESTMENT ADVISOR (RIA). THE FIRM LEARNED DURING AN EXAMINATION THAT ONE OF ITS REGISTERED REPRESENTATIVES WAS RECOMMENDING "MANAGED ACCOUNTS" AND "ALTERNATIVE INVESTMENTS" THROUGH HIS OUTSIDE RIA, AN UNDISCLOSED BUSINESS. THEREAFTER, HE DISCLOSED TO THE FIRM THAT HE WAS MANAGING AN INVESTMENT FUND AS AN OUTSIDE BUSINESS ACTIVITY. THE FIRM DID NOT ADEQUATELY INVESTIGATE RED FLAGS OR FOLLOW-UP ON THE DISCLOSURE TO ENSURE THAT HE WAS NOT ENGAGING IN PRIVATE SECURITIES TRANSACTIONS IN VIOLATION OF NASD RULE 3040. AS A RESULT OF THE FIRM'S FAILURE TO INVESTIGATE HIS OUTSIDE ACTIVITIES, THE FIRM FAILED TO IDENTIFY HIS PARTICIPATION IN PRIVATE SECURITIES TRANSACTIONS AND FAILED TO SUPERVISE HIS PARTICIPATION IN THOSE TRANSACTIONS. THE FIRM ALSO FAILED TO SUPERVISE THE ADVISORY ACTIVITY OF 79 REGISTERED REPRESENTATIVES WHO WERE DUALY REGISTERED WITH IT AND FOURTEEN RIAs. THESE FOURTEEN RIAs HAD MORE THAN \$3 BILLION IN ASSETS UNDER MANAGEMENT, A PORTION OF WHICH WAS UNDER THE MANAGEMENT OF THE 79 REGISTERED REPRESENTATIVES. THE FIRM FAILED TO COMPLY WITH ITS RESPONSIBILITIES UNDER THE APPLICABLE RULE TO SUPERVISE THESE REPRESENTATIVES' PARTICIPATION IN THE TRANSACTIONS AS IF THE TRANSACTIONS WERE EXECUTED ON BEHALF OF THE MEMBER. MOREOVER, THE FIRM FAILED TO RECORD THESE TRANSACTIONS ON ITS BOOKS AND RECORDS. THE FINDINGS STATED THAT BY THE FIRM'S CONDUCT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RULE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PRESERVE SECURITIES-RELATED EMAILS THAT WERE SENT AND RECEIVED BY REGISTERED REPRESENTATIVES



THROUGH UNMONITORED EMAIL ADDRESSES. THE FIRM HAD CORRESPONDED WITH THESE REGISTERED REPRESENTATIVES THROUGH THESE UNMONITORED EMAIL ADDRESSES, BUT FAILED TO INVESTIGATE WHETHER THE EMAIL ADDRESSES WERE APPROVED AND MONITORED BY THE FIRM. THE FIRM FAILED TO HAVE A SUPERVISORY SYSTEM THAT WAS DESIGNED TO ENSURE THAT ALL SECURITIES-RELATED EMAILS OF ITS REPRESENTATIVES WERE BEING PROPERLY PRESERVED. THE FINDINGS ALSO INCLUDED THAT THE FIRM EITHER KNEW, OR SHOULD HAVE KNOWN, ABOUT THREE SEPARATE SECURITIES-RELATED WEBSITES THAT ONE OF ITS REGISTERED REPRESENTATIVES MAINTAINED AND OPERATED. THE FIRM FAILED TO PROVIDE PRINCIPAL APPROVAL OF THE ADVERTISING STATEMENTS CONTAINED ON THESE WEBSITES. THE FIRM FURTHER FAILED TO MAINTAIN A RECORD OF THE COMMUNICATIONS ON THESE WEBSITES. FINRA FOUND THAT THE FIRM FAILED TO TIMELY AMEND FORM U4S OF ITS REGISTERED REPRESENTATIVES IN 81 SEPARATE INSTANCES. IN EACH OF THESE INSTANCES, THE FIRM'S REGISTERED REPRESENTATIVES HAD PROPERLY DISCLOSED THEIR PARTICIPATION IN AN OUTSIDE BUSINESS ACTIVITY (OBA). MOREOVER, FINRA ADVISED THE FIRM OF ITS DEFICIENCIES IN TIMELY-FILING FORM U4 AMENDMENTS FOR OBAS. DESPITE HAVING ACTUAL KNOWLEDGE OF THESE DEFICIENCIES, THE FIRM HAD FAILED TO FILE U4 AMENDMENTS FOR MORE THAN FOUR MONTHS AFTER FINRA ADVISED THE FIRM OF THIS ISSUE. THUS, THE FIRM FAILED TO CORRECT FORMS U4 THAT IT KNEW WERE INCOMPLETE OR INACCURATE DESPITE NOTICE THEREOF. IN ADDITION, ALTHOUGH THE FIRM INCREASED ITS EFFORTS TO ENCOURAGE REGISTERED REPRESENTATIVES TO REPORT THEIR OBAS WITH THE IMPLEMENTATION OF FINRA RULE 3270, IT FAILED TO PROPERLY SCRUTINIZE THESE DISCLOSURES TO ENSURE THAT ALL ACTUAL OBAS WERE BEING PROPERLY DISCLOSED ON A FORM U4 AMENDMENT. MOREOVER, THE FIRM MAINTAINED A MANUAL SYSTEM FOR REVIEWING DISCLOSURES AND FILING FORM U4 AMENDMENTS THAT WAS SUSCEPTIBLE TO HUMAN ERROR. THE FIRM THUS DID NOT HAVE A SUPERVISORY SYSTEM IN PLACE THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS FORM U4 REPORTING OBLIGATIONS.

Initiated By: FINRA
Date Initiated: 07/16/2015
Docket/Case Number: [2011025618702](#)
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: 07/16/2015

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 \$500,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$500,000. FINE PAID IN FULL JULY 28, 2015.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF FINRA BY-LAWS ARTICLE V, SECTION 2, FINRA RULES 1122, 2010 AND 4511, NASD RULES 2110, 2210(B), 3010(A), 3040(C)(2) AND 3110, AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4 THEREUNDER WITH RESPECT TO, AT VARIOUS TIMES FROM DECEMBER 2006 THROUGH JANUARY 2014, THE SUPERVISION OF SECURITIES TRANSACTIONS OF REPRESENTATIVES DUALY REGISTERED WITH REGISTERED INVESTMENT ADVISERS, PRESERVATION OF E-MAILS, PRESERVATION OF ADVERTISING AND TIMELY UPDATES TO FORM U-4.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 07/16/2015

Docket/Case Number: [2011025618702](#)

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: CENSURE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/16/2015

Sanctions Ordered: Censure
Monetary/Fine \$500,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, THE FIRM AGREED TO ACCEPT A CENSURE AND PAY A FINE OF \$500,000. THE FINE WAS PAID ON JULY 28, 2015.

Disclosure 7 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 2440, 3010: THE FIRM CHARGED EXCESSIVE MARKUPS ON SEVERAL RISKLESS PRINCIPAL CORPORATE BOND TRANSACTIONS IN THE ACCOUNT OF A CUSTOMER. IN EACH INSTANCE, THE FIRM PURCHASED THE BONDS, ADDED A MARKUP AND IMMEDIATELY, ON THE SAME DAY OF PURCHASE, SOLD THE BONDS TO THE CUSTOMER. THE FIRM'S MARKUPS ON THE TRANSACTIONS WERE NOT FAIR AND REASONABLE TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING THE FACT THAT THE PRICE WAS NOT REASONABLY RELATED TO THE AMOUNT THE FIRM HAD CONTEMPORANEOUSLY PAID FOR THE BONDS AND THE FACT THAT THE FIRM DID NOT PROVIDE ANY EVIDENCE TO OVERCOME THE PRESUMPTION THAT ITS CONTEMPORANEOUS COST CONSTITUTED THE BEST MEASURE OF THE PREVAILING MARKET PRICE OF THE BONDS SOLD TO THE CUSTOMER. THE MARKUPS CHARGED BY THE FIRM IN THE TRANSACTIONS EXCEEDED THE AMOUNTS CHARGED BY OTHER DEALERS IN SIMILAR TRANSACTION BY \$43,121.39. THE FIRM ALSO FAILED TO ESTABLISH, MAINTAIN AND/OR ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO ENSURE THE FAIRNESS OF PRICES IN PRINCIPAL TRANSACTIONS WITH CUSTOMERS. THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ENSURE THAT PRICES AT WHICH IT SOLD DEBT SECURITIES TO CUSTOMERS IN PRINCIPAL TRANSACTIONS WERE FAIR AND REASONABLE, NOR DESIGNED TO ACHIEVE COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS PERTAINING TO EFFECTING PRINCIPAL TRANSACTIONS WITH CUSTOMERS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES IN EFFECT DID NOT ADDRESS OR DISCUSS, TO ANY MATERIAL EXTENT, INTERPRETATIVE MATERIAL-2440-1 OR



INTERPRETATIVE MATERIAL-2440-2 AND DID NOT CONTAIN PROCEDURES FOR WEIGHING OR APPLYING, INCLUDING HOW TO WEIGH OR APPLY, THE VARIOUS FACTORS SET FORTH IN THOSE PROVISIONS IN REVIEWING AND EVALUATING THE FAIRNESS OF PRICES IN PRINCIPAL TRANSACTIONS WITH CUSTOMERS. THE FIRM'S PROCEDURES ALSO DID NOT ADDRESS HOW SUPERVISORY REVIEWS OF MARKUPS AND MARKDOWNS IN PRINCIPAL TRANSACTIONS WITH CUSTOMERS WOULD BE CONDUCTED.

Initiated By: FINRA

Date Initiated: 06/20/2012

Docket/Case Number: [2009016273001](#)

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/20/2012

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 \$43,121.39
Disgorgement/Restitution

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, FINED \$43,121.39, AND ORDERED TO PAY \$43,121.39, PLUS INTEREST, IN RESTITUTION TO A CUSTOMER. A REGISTERED PRINCIPAL ON BEHALF OF THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER THE DATE OF ACCEPTANCE OF THE AWC.
IF FOR ANY REASON RESPONDENT CANNOT LOCATE THE CUSTOMER



AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN 120 DAYS FROM THE DATE THE AWC IS ACCEPTED, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA IN WRITING, RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED OR HAVE BEEN DOMICILED. RESPONDENT SHALL PROVIDE SATISFACTORY PROOF OF SUCH ACTION TO THE FINRA WITHIN 14 DAYS OF FORWARDING THE UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE STATE AUTHORITY. FINE PAID IN FULL ON JULY 2, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THE FIRM CHARGED EXCESSIVE MARK-UPS ON SEVERAL CORPORATE BOND TRANSACTIONS AND FAILED TO MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM IN CONNECTION WITH SUCH TRANSACTIONS IN VIOLATION OF NASD RULES 2110, 2440 AND 3010.

Initiated By: FINRA

Date Initiated: 06/20/2012

Docket/Case Number: 2009016273001

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/20/2012

Sanctions Ordered: Censure
Monetary/Fine \$43,121.39
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM AGREED TO REIMBURSE THE CUSTOMER \$43,121.39 PLUS INTEREST AND CONSENTED TO A CENSURE AND PAYMENT OF A FINE IN THE AMOUNT OF \$43,121.39.



Disclosure 8 of 13

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2210, 2210(B), 3010 - NFP SECURITIES, INC. APPROVED ADVERTISING MATERIALS USED BY A REGISTERED REPRESENTATIVE IN HIS RETAIL EQUITY INDEXED ANNUITY (EIA) BUSINESS HE CONDUCTED AT SEMINARS FOR SENIOR CITIZENS THAT CONTAINED FALSE, EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS. THE FIRM FAILED TO DOCUMENT WITH THE SIGNATURE OR INITIAL OF A PRINCIPAL ITS APPROVAL OF A PIECE OF ADVERTISING MATERIAL USED BY THE REPRESENTATIVE AND FAILED TO MAINTAIN A RECORD OF ITS APPROVAL OF ONE PIECE OF THE REPRESENTATIVE'S ADVERTISING MATERIAL. THE FIRM DID NOT SUPERVISE THE REPRESENTATIVE'S WORKSHOPS AND DID NOT REQUIRE HIM TO PRODUCE A COPY OF THE SCRIPT FOR THE WORKSHOPS AND DID NOT ATTEND ANY OF THE WORKSHOPS TO CONFIRM THAT THE CONTENTS OF THE WORKSHOPS COMPLIED WITH NASD RULES AND THAT ONLY FIRM-APPROVED MATERIALS WERE BEING USED. IF IT HAD REQUIRED THE REPRESENTATIVE TO SUBMIT A SCRIPT AND HAD ATTENDED HIS WORKSHOPS, IT WOULD HAVE DISCOVERED THAT HE MADE STATEMENTS, USED MATERIALS AND ENGAGED IN CONDUCT THAT VIOLATED NASD RULES 2210 AND 2110 AND COULD HAVE PREVENTED FURTHER VIOLATIONS OF THESE RULES.
Initiated By:	FINRA
Date Initiated:	04/06/2011
Docket/Case Number:	2007011393902
Principal Product Type:	Other
Other Product Type(s):	ADVERTISING MATERIALS, EQUITY-INDEXED ANNUITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/06/2011



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: 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 \$50,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF FINRA RULES 2110, 2210(B), 2210(D), AND 3010 WITH RESPECT TO ADVERTISING AND SEMINARS OF A FORMER REPRESENTATIVE. WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, THE FIRM AGREED TO ACCEPT A CENSURE AND PAY A FINE OF \$50,000.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 04/06/2011

Docket/Case Number: 2007011393902

Principal Product Type: Other

Other Product Type(s): EQUITY INDEX ANNUITIES

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/28/2011

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, THE



FIRM AGREED TO ACCEPT A CENSURE AND PAY A FINE OF \$50,000.

Disclosure 9 of 13

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULE G-14 - NFP SECURITIES, INC. FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT THE TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL; FAILED TO REPORT THE CORRECT TIME OF EXECUTION TO THE RTRS IN REPORTS OF MUNICIPAL SECURITIES TRANSACTIONS; AND THE FIRM IMPROPERLY REPORTED INFORMATION TO THE RTRS IT SHOULD NOT HAVE.
Initiated By:	FINRA
Date Initiated:	07/15/2009
Docket/Case Number:	2008014973401
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/20/2009
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 \$7,500.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;
THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULE G-14 - NFP SECURITIES, INC. FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT THE TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL; FAILED TO REPORT THE CORRECT TIME OF EXECUTION TO THE RTRS IN REPORTS OF MUNICIPAL SECURITIES TRANSACTIONS; AND THE FIRM IMPROPERLY REPORTED INFORMATION TO THE RTRS IT SHOULD NOT HAVE.

Initiated By: FINRA

Date Initiated: 07/15/2009

Docket/Case Number: 2008014973401

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: OTHER SANCTIONS/RELIEF SOUGHT:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2009

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Disclosure 10 of 13

Reporting Source: Regulator



Current Status: Final

Allegations: NASD RULES 2110, 3070, FINRA BY-LAW ARTICLE V, SECTION 3 - RESPONDENT MEMBER FAILED TO TIMELY FILE UNIFORM TERMINATION NOTICES FOR SECURITIES INDUSTRY REGISTRATION (FORM U5) AND FAILED TO FILE ACCURATE AND TIMELY REPORTS WITH FINRA PURSUANT TO NASD RULE 3070.

Initiated By: FINRA

Date Initiated: 10/05/2007

Docket/Case Number: [E062005012702](#)

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: 10/05/2007

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 \$12,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, NFP SECURITIES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$12,000.

Reporting Source: Firm

Current Status: Final

Allegations: MEMBER FAILED TO TIMELY FILE UNIFORM TERMINATION NOTICES FOR SECURITIES INDUSTRY REGISTRATION (FORM U5) AND FAILED TO FILE ACCURATE AND TIMELY REPORTS WITH FINRA PURSUANT TO NASD RULE



3070.

Initiated By: FINRA

Date Initiated: 10/05/2007

Docket/Case Number: [E062005012702](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/05/2007

Sanctions Ordered: Censure
Monetary/Fine \$12,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, NFP SECURITIES, INC., CONSENTED TO A CENSURE AND FINE OF \$12,000.

Disclosure 11 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 17A-3(1), NASD RULES 2110, 3010(D), 3110 - RESPONDENT MEMBER FAILED TO EVIDENCE ITS ENDORSEMENT, BY A REGISTERED PRINCIPAL IN WRITING, OF SECURITIES TRANSACTIONS; FAILED TO MAKE AND KEEP CURRENT ITS BLOTTER FOR CHECKS RECEIVED AND FORWARDED; FAILED TO TO MAKE AND KEEP CURRENT ITS BOTTLER FOR PURCHASES AND SALES OF SECURITIES AND FAILED TO MAINTAIN AN ACCURATE CHECKS RECEIVED AND FORWARDED BLOTTER.

Initiated By: NASD

Date Initiated: 07/14/2006

Docket/Case Number: E062003010401

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPE OF SECURITIES



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/14/2006

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, NFP SECURITIES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 17A-3(1), NASD RULES 2110, 3010(D), 3110 - RESPONDENT MEMBER FAILED TO EVIDENCE ITS ENDORSEMENT, BY A REGISTERED PRINCIPAL IN WRITING, OF SECURITIES TRANSACTIONS; FAILED TO MAKE AND KEEP CURRENT ITS BLOTTER FOR CHECKS RECEIVED AND FORWARDED; FAILED TO MAKE AND KEEP CURRENT ITS BLOTTER FOR PURCHASES AND SALES OF SECURITIES AND FAILED TO MAINTAIN AN ACCURATE CHECKS RECEIVED AND FORWARDED BLOTTER.

Initiated By: NASD

Date Initiated: 07/14/2006

Docket/Case Number: E062003010401

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/14/2006

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, NFP SECURITIES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Disclosure 12 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 2210(C), 2210(D)(1)(A)AND (B), IM-2210-2(A) - RESPONDENT MEMBER FAILED TO FILE ADVERTISEMENTS AND PIECES OF SALES LITERATURE WITH NASD'S ADVERTISING REGULATION DEPARTMENT; APPROVED FOR USE, PUBLISHED, AND DISTRIBUTED ADVERTISEMENTS AND SALES LITERATURE THAT WERE MISLEADING BECAUSE THEY SUGGESTED THAT INDIVIDUALS PURCHASING VARIABLE ANNUITIES THROUGH THE FIRM AND ONE OF ITS RETAIL SALES OFFICES WOULD PAY NO FEES WHEN, IN FACT, THEY WOULD; APPROVED FOR USE AND DISTRIBUTION TO PUBLIC CUSTOMERS AND PROSPECTS PIECES OF SALES LITERATURE THAT DESCRIBED A VARIABLE ANNUITY AND THE PRODUCT'S BENEFITS BUT FAILED TO PRESENT A BALANCED DISCUSSION OF THE PRODUCT AND OMITTED INFORMATION REGARDING COSTS, RISKS, AND RESTRICTIONS; AND ONE OSJ OF THE FIRM PRODUCED ALL OF THE ADVERTISEMENTS AND SALES LITERATURE DESCRIBED.

Initiated By: NASD

Date Initiated: 03/22/2004

Docket/Case Number: CAF040024

Principal Product Type: Other

Other Product Type(s): ADVERTSIEMENTS, SALES LITERATURE

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/22/2004

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, NFP SECURITIES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS CENSURED AND FINED \$25,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATIONS OF NASD RULES IN CONNECTION WITH ADVERTISING AND SALES LITERATURE CREATED AND PUBLISHED BY AN OFFICE OF THE FIRM THAT ALLEGEDLY CONTAINED MISLEADING INFORMATION, FAILED TO PRESENT A BALANCED DISCUSSION, OMITTED INFORMATION REGARDING COSTS AND RISKS, AND, WHILE REQUIRED, WAS NOT FILED WITH THE NASD.

Initiated By: NASD

Date Initiated: 03/22/2004

Docket/Case Number: CAF040024

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 03/22/2004

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

Other Sanctions Ordered:

Sanction Details: FINE OF \$25,000 PAID BY THE APPLICANT ON MARCH 18, 2004.

Firm Statement EFFECTIVE MARCH 18, 2004, THE NASD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT SUBMITTED BY THE FIRM IN CONNECTION WITH ALLEGED ADVERTISING RULE VIOLATIONS. THE FIRM, WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, AGREED TO ACCEPT A CENSURE AND PAY A FINE IN THE AMOUNT OF \$25,000.

Disclosure 13 of 13

Reporting Source: Firm

Current Status: Final

Allegations: ON 4/27/00, PARTNERS SECURITIES (NOW KNOW AS NFP SECURITIES, INC.) ENTERED INTO A STIPULATION & CONSENT AGREEMENT WITH THE STATE OF FLORIDA, DEPT OF BANKING & FINANCE, DIV OF SECURITIES & INVESTOR PROTECTION RESOLVING & CONCLUDING ADMINISTRATIVE PROCEEDING 2942-S-2/00. THE STATE FINED PARTNERS SECURITIES \$10,000 FOR FAILURE TO PROPERLY AND/OR TIMELY REGISTER SOME BRANCH LOCATIONS IN FLORIDA IN 1999. PARTNERS SECURITIES NEITHER ADMITTED NOR DENIED THE ALLEGATIONS BUT CONSENTED TO THE FINDINGS. AT THE CONCLUSION OF THE ORDER, ALL PENDING BRANCHES RECEIVED REGISTRATION APPROVAL FROM THE STATE.

Initiated By: STATE OF FLORIDA, DEPT OF BANKING & FINANCE, DIV OF SECURITIES.

Date Initiated: 04/27/2000

Docket/Case Number: 2942-S-2/00

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent



Resolution Date: 04/27/2000

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$10000 PAID VIA STATE OF FLORIDA'S ACCEPTANCE OF THE FINAL ORDER ON 4/27/00.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	08/30/2012
Case Number:	12-03093
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$3,397,490.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/07/2015
Sum of All Relief Awarded:	\$240,600.00

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

Disclosure 2 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	02/19/2013
Case Number:	13-00430



Disputed Product Type: ANNUITIES; MUNICIPAL BONDS; MUTUAL FUNDS; REAL ESTATE INVESTMENT TRUST

Sum of All Relief Requested: \$1,900,000.01

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/11/2014

Sum of All Relief Awarded: \$1,246,155.02

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

End of Report



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