

BrokerCheck Report

LEGEND SECURITIES, INC.

CRD# 44952

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

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

**LEGEND SECURITIES, INC.**

CRD# 44952

SEC# 8-50886

Main Office Location

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Mailing Address

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Business Telephone Number

212-344-5747

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 01/29/1998.

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	22
Arbitration	14



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:	12/08/2016
Does this brokerage firm owe any money or securities to any customer or brokerage firm?	Yes
Number of customers owed funds or securities:	5
Amount of money owed to customer:	\$348,364.46
Amount of money owed to brokerage firm:	\$0.00
Market value of securities owed to customer:	\$0.00
Market value of securities owed to brokerage firm:	\$0.00
Payment arrangement:	NEGOTIATIONS ARE ONGOING. WE WILL PROMPTLY AMEND OUR RESPONSE TO THIS QUESTION UPON CONCLUSION OF THE NEGOTIATIONS.



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 01/29/1998.

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.

LEGEND SECURITIES, INC.

Doing business as LEGEND SECURITIES, INC.

CRD# 44952

SEC# 8-50886

Main Office Location

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Mailing Address

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Business Telephone Number

212-344-5747

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):	STOCKTRADE NETWORK, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SHARE OWNER
Position Start Date	12/2010
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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	FUSCO, ANTHONY 2704753
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	STOCK TRADE NETWORK, INC.
Relationship to Direct Owner	PRESIDENT
Relationship Established	01/1998
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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

No information reported.



Firm Operations



Registrations

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

This firm is no longer registered.

The firm's registration was from 11/19/1998 to 04/17/2017.



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 11 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
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Firm Operations

Industry Arrangements



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

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

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

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is, 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.

LEGEND FINANCIAL MANAGEMENT is under common control with the firm.

CRD #:	120978
Business Address:	45 BROADWAY, 32ND FLOOR NEW YORK, NY 10006
Effective Date:	01/29/1998
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	STOCKTRADE NETWORKS, INC. IS THE 100% OWNER OF BOTH, STRATVEST HOLDING, INC., D.B.A. LEGEND FINANCIAL MANAGEMENT AND LEGEND SECURITIES, INC.

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	22	0
Arbitration	N/A	14	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:**
 - 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 22

Reporting Source: Regulator

Current Status: Final



Allegations:	RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FINES AND/OR COSTS OF \$200,000 IN FINRA CASE #2015048048801.
Initiated By:	FINRA
Date Initiated:	06/05/2018
Docket/Case Number:	2015048048801
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Expulsion
Other Sanction(s)/Relief Sought:	
Resolution:	Other
Resolution Date:	06/21/2018
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Revocation/Expulsion/Denial
Other Sanctions Ordered:	
Sanction Details:	PURSUANT TO FINRA RULE 8320, RESPONDENT LEGEND SECURITIES, INC. IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON JUNE 21, 2018, FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 2 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN RELEASE 33-10495; 34-83235; INVESTMENT COMPANY ACT RELEASE 33086; MAY 15, 2018: THE SECURITIES AND EXCHANGE COMMISSION (COMMISSION) DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED AGAINST LEGEND SECURITIES, INC. (LEGEND) PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT). ON THE BASIS OF THIS ORDER AND LEGEND'S OFFERS, THE COMMISSION FINDS



THAT LEGEND FAILED REASONABLY TO SUPERVISE AN INDIVIDUAL BECAUSE, DURING THE RELEVANT PERIOD, THE INDIVIDUAL DID NOT HAVE A SUPERVISOR TO FOLLOW-UP ON WHETHER HE IMPLEMENTED LEGEND'S WRITTEN SUPERVISORY PROCEDURES (WSPS) CONCERNING SECTION 5 COMPLIANCE. THE INDIVIDUAL WILLFULLY VIOLATED SECURITIES ACT SECTIONS 5(A) AND (C) IN THE COURSE OF HIS EMPLOYMENT AS A REGISTERED REPRESENTATIVE AT LEGEND AND WAS SUBJECT TO LEGEND'S SUPERVISION, THUS SATISFYING THE FIRST THREE ELEMENTS OF SECTION 15(B)(4)(E). LEGEND'S WSPS DIRECTED REGISTERED REPRESENTATIVES TO "BE AWARE OF 'RED FLAGS' THAT MAY INDICATE A CUSTOMER IS SELLING UNREGISTERED SECURITIES." THESE RED FLAGS INCLUDED SEVERAL OF THE RED FLAGS LISTED ABOVE. ALSO ACCORDING TO THE WSPS, THE INDIVIDUALS "DESIGNATED SUPERVISOR" WAS TO ENSURE THAT HE PERFORMED THE REVIEW FOR RED FLAGS. HOWEVER, LEGEND DID NOT HAVE A SYSTEM TO IMPLEMENT ADEQUATELY THESE WSPS DESIGNED TO PREVENT AND DETECT VIOLATIONS OF SECTION 5 BECAUSE NO ONE SUPERVISED THE INDIVIDUAL. IN PARTICULAR, THERE WAS CONFUSION AT LEGEND CONCERNING WHO SUPERVISED THE INDIVIDUAL. AS A RESULT, NO ONE AT LEGEND CARRIED OUT THE DUTIES OF SUPERVISING THE INDIVIDUAL. NO ONE, FOR EXAMPLE, REGULARLY REVIEWED HIS ACTIVITIES WITH RESPECT TO SECTION 5 COMPLIANCE, SUCH AS HIS REVIEWS OF RED FLAGS OF A POTENTIAL UNREGISTERED DISTRIBUTION. THE INDIVIDUAL ALSO DELETED FROM HIS PERSONAL CELL PHONE TEXT MESSAGES CONCERNING CERTAIN DEPOSITS AND TRADING. THEREFORE, LEGEND FAILED TO MAINTAIN REQUIRED BOOKS AND RECORDS - NAMELY THE INDIVIDUAL'S BUSINESS-RELATED TEXT MESSAGES. THE INDIVIDUAL AIDED AND ABETTED AND CAUSED LEGEND'S VIOLATION OF THE BOOKS AND RECORDS REQUIREMENT BY DESTROYING THOSE TEXT MESSAGES. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LEGEND FAILED REASONABLY TO SUPERVISE AN INDIVIDUAL WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT WITH A VIEW TO PREVENTING AND DETECTING THE INDIVIDUAL'S WILLFUL VIOLATIONS OF SECTIONS 5(A) AND (C) OF THE SECURITIES ACT. LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4(B)(4) THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/15/2018

Docket/Case Number: 3-18482

Principal Product Type: Penny Stock(s)

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Order
Resolution Date:	05/15/2018
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4(B)(4) THEREUNDER.
Regulator Statement	IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, LEGEND HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER THEM AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, LEGEND CONSENT TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 (SECURITIES ACT), SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT (INVESTMENT COMPANY ACT), MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER (ORDER). AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LEGEND FAILED REASONABLY TO SUPERVISE AN INDIVIDUAL WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT WITH A VIEW TO PREVENTING AND DETECTING THE INDIVIDUAL'S WILLFUL VIOLATIONS OF SECTIONS 5(A) AND (C) OF THE SECURITIES ACT. LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4(B)(4) THEREUNDER. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE



SANCTIONS AGREED TO IN LEGEND'S OFFER. ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT IT IS HEREBY ORDERED THAT LEGEND IS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4(B)(4) THEREUNDER.

Disclosure 3 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FINES AND/OR COSTS OF \$475,000 IN FINRA CASE #2012030422902.
Initiated By:	FINRA
Date Initiated:	03/06/2018
Docket/Case Number:	2012030422902
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Expulsion
Other Sanction(s)/Relief Sought:	
Resolution:	Other
Resolution Date:	03/06/2018
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Revocation/Expulsion/Denial
Other Sanctions Ordered:	
Sanction Details:	PURSUANT TO FINRA RULE 8320, RESPONDENT LEGEND SECURITIES, INC. IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON MARCH 6, 2018 FOR FAILURE TO PAY FINES AND/OR COSTS.



Disclosure 4 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FINES AND/OR COSTS OF \$13,953.15 IN FINRA CASE #2012030989702.
Initiated By:	FINRA
Date Initiated:	06/01/2017
Docket/Case Number:	2012030989702
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Expulsion
Other Sanction(s)/Relief Sought:	
Resolution:	Other
Resolution Date:	06/01/2017
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:	Revocation/Expulsion/Denial
Other Sanctions Ordered:	
Sanction Details:	PURSUANT TO FINRA RULE 8320, RESPONDENT LEGEND SECURITIES, INC. IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON JUNE 1, 2017 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 5 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FINES AND/OR COSTS OF \$78,879.37 IN FINRA CASE #2010022592101.
Initiated By:	FINRA



Date Initiated: 04/17/2017
Docket/Case Number: 2010022592101
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Expulsion
Other Sanction(s)/Relief Sought:
Resolution: Other
Resolution Date: 04/17/2017
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: Revocation/Expulsion/Denial
Other Sanctions Ordered:
Sanction Details: PURSUANT TO FINRA RULE 8320, RESPONDENT LEGEND SECURITIES, INC. IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON APRIL 17, 2017 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 6 of 22

Reporting Source: Regulator
Current Status: Final
Allegations: THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SYSTEM FOR THE IDENTIFICATION AND TIMELY REPORTING OF CUSTOMER COMPLAINTS. THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO REPORT NUMEROUS COMPLAINTS AND DID NOT ENSURE THAT ITS ASSOCIATED PERSONS CONSISTENTLY ESCALATED COMPLAINTS TO SUPERVISORY OR COMPLIANCE STAFF AT THE FIRM FOR REPORTING. IN ADDITION, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) WERE DEFICIENT IN THAT THEY FAILED TO ADEQUATELY STATE THE FIRM'S OBLIGATIONS TO DISCLOSE, ON A QUARTERLY BASIS, STATISTICAL AND SUMMARY INFORMATION REGARDING CUSTOMER COMPLAINTS.



INSTEAD, THE FIRM'S WSPS IMPLIED THAT THE REPORTING OBLIGATIONS WERE LIMITED ONLY TO "EVENT DISCLOSURES"- SUCH AS WHEN A REPRESENTATIVE IS THE SUBJECT OF A WRITTEN COMPLAINT INVOLVING THEFT, MISAPPROPRIATION OR FORGERY; IF A MEMBER IS DENIED REGISTRATION OR EXPELLED OR ENJOINED; OR IF A MEMBER IS INDICTED, OR CONVICTED OF, OR PLEADS NO CONTEST TO, ANY FELONY. THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO TIMELY REPORT TO FINRA 96 WRITTEN CUSTOMER COMPLAINTS. 26 OF THOSE COMPLAINTS REMAIN UNREPORTED TO DATE; 29 OF THEM WERE REPORTED MORE THAN TWO YEARS LATE, AND TWO WERE REPORTED MORE THAN 1,000 DAYS LATE, OR NEARLY THREE YEARS LATER. SUBSTANTIALLY ALL OF THE COMPLAINTS WERE REPORTED AFTER FINRA INQUIRED WITH THE FIRM ABOUT ITS REPORTING OF COMPLAINTS. FURTHERMORE, THE FIRM FAILED TO REPORT THE COMPLAINTS EVEN THOUGH APPROXIMATELY 81 OF THEM WERE SENT TO THE FIRM VIA EMAIL AND WERE LOCATED ON ITS EMAIL SYSTEMS AND 27 OF THEM CONTAINED A TERM THAT APPEARED ON THE FIRM'S LEXICON SEARCH LIST FOR IDENTIFYING EMAIL FOR SUPERVISORY REVIEW. THE COMPLAINT FURTHER ALLEGES THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLE SYSTEM FOR THE REVIEW BY A REGISTERED PRINCIPAL OF THE FIRM'S INCOMING AND OUTGOING ELECTRONIC CORRESPONDENCE. IN ADDITION, THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO IMPLEMENT ADEQUATE SUPERVISORY PROCEDURES FOR ENSURING THAT IT MADE TIMELY AMENDMENTS TO FORMS U4 AND U5. MOREOVER, THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO TIMELY FILE FORM U4 OR U5 AMENDMENTS IN EIGHT INSTANCES. FURTHERMORE, THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO CONSIDER WHETHER TO IMPOSE HEIGHTENED SUPERVISION UPON CERTAIN REGISTERED REPRESENTATIVES, EVEN THOUGH THEY HAD A HISTORY OF CUSTOMER COMPLAINTS, DISCIPLINARY ACTIONS, OR OTHER ALLEGATIONS OF MISCONDUCT, AND/OR DEVELOPED SUCH A RECORD DURING THEIR ASSOCIATION WITH THE FIRM, AND EVEN THOUGH THEY MET THE CRITERIA FOR CONSIDERATION SET FORTH IN FIRM WSPS. THE FIRM UNREASONABLY FAILED TO PLACE ANY OF THESE REPRESENTATIVES ON HEIGHTENED SUPERVISION, DESPITE THE RISK OF SALES PRACTICE VIOLATIONS THAT THEY PRESENTED AND CONTRARY TO ITS WSPS. FURTHER, THE FIRM FAILED TO DOCUMENT ANY CONSIDERATION OF WHETHER ANY OF THESE REPRESENTATIVES SHOULD BE PLACED ON HEIGHTENED SUPERVISION AND, IF NOT, WHY EXISTING SUPERVISION OF THESE REPRESENTATIVES WAS ADEQUATE. THE COMPLAINT ALLEGES THAT THE FIRM WILLFULLY VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-10 PROMULGATED THEREUNDER BY UNDERSTATING THE AMOUNT OF TOTAL COMMISSIONS CHARGED BY IT AND THEREFORE RENDERING CUSTOMER CONFIRMATION STATEMENTS MISLEADING AND INACCURATE. THE FIRM



INACCURATELY STATED THAT CERTAIN FEES WERE "HANDLING FEES" ON CUSTOMER TRADE CONFIRMATIONS, DEPICTING THEM AS A DISTINCT FEE, SEPARATE AND APART FROM ANY COMMISSION OR MARKDOWN/MARKDOWN. HOWEVER, THIS "HANDLING FEE" WAS NOT RELATED TO ANY SPECIFIC SERVICES PERFORMED, COSTS INCURRED, OR EXPENSE REIMBURSED IN CONNECTION WITH PROCESSING THE SPECIFIC TRANSACTION THAT WAS THE SUBJECT OF THE CONFIRMATION. THE FIRM DID NOT PROVIDE ANY SEPARATE SERVICE TO THE CUSTOMERS THAT CORRELATED WITH THE FEE.

Initiated By:	FINRA
Date Initiated:	02/01/2017
Docket/Case Number:	2012030422902
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Decision
Resolution Date:	06/22/2017
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 \$475,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	INTEREST
Sanction Details:	THE FIRM WAS FINED A TOTAL OF \$475,000 AND ORDERED TO PAY RESTITUTION TOTALING \$884,436.24, PLUS INTEREST.
Regulator Statement	DEFAULT DECISION RENDERED MAY 25, 2017. THE SANCTIONS ARE BASED ON FINDINGS THAT THE FIRM FAILED TO HAVE A REASONABLE SUPERVISORY SYSTEM AND WSPS TO ENSURE IT TIMELY REPORTED CUSTOMER COMPLAINTS, FILED TIMELY AMENDMENTS TO FORMS U4 AND FORMS U5, REVIEWED INCOMING AND OUTGOING EMAIL COMMUNICATIONS, AND CONSIDERED HEIGHTENED SUPERVISION FOR BROKERS WITH HISTORIES OF MISCONDUCT. THE FINDINGS STATED THAT



THE FIRM FAILED TO REPORT, OR LATE REPORTED, 96 CUSTOMER COMPLAINTS TO FINRA, AND FAILED TO FILE AND TIMELY FILE AMENDMENTS TO FORMS U4 FOR SEVEN OF ITS REGISTERED REPRESENTATIVES. THE FINDINGS ALSO STATED THAT THE FIRM IMPROPERLY CHARGED CUSTOMERS "HANDLING FEES" IN 34,313 SECURITIES TRANSACTIONS. THE CONFIRMATIONS SENT TO CUSTOMERS DESCRIBED THE CHARGES AS "HANDLING FEES," WHICH WAS MISLEADING AND INACCURATE. AS A RESULT, THE FIRM WILLFULLY VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-10. THE DECISION IS FINAL ON JUNE 22, 2017.

Disclosure 7 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT'S AGENT COLD CALLED INTO NH AND SOLICITED 3 NH INVESTORS TO PURCHASE STOCKS AND FIRM FAILED TO SUPERVISE AGENT AS HE CHURNED THE ACCOUNTS, VIOLATED TELEMARKETING RESTRICTIONS, FAILED TO FOLLOW CUSTOMER INSTRUCTIONS AND MISMARKED TRADE CONFIRMS. THE ACTIONS WERE DISHONEST AND UNETHICAL AND UNSUITABLE.
Initiated By:	NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION
Date Initiated:	11/30/2016
Docket/Case Number:	INV2015-00019
URL for Regulatory Action:	
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Revocation
Other Sanction(s)/Relief Sought:	C&D, FINE, COSTS AND RESTITUTION
Resolution:	Order
Resolution Date:	02/09/2017



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 \$100,000.00
Disgorgement/Restitution
Revocation/Expulsion/Denial

Other Sanctions Ordered: COSTS

Sanction Details: FINE \$100,000, COSTS \$10,000, RESTITUTION \$57,950.70.

Regulator Statement SAME AS ABOVE.

Reporting Source: Firm

Current Status: Final

Allegations: N/A

Initiated By: NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION

Date Initiated: 11/30/2016

Docket/Case Number: INV2015-00019

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

Other Product Type(s): RESPONDENT'S AGENT COLD CALLED INTO NH AND SOLICITED 3 NH INVESTORS TO PURCHASE STOCKS AND FIRM FAILED TO SUPERVISE AGENT AS HE CHURNED THE ACCOUNTS, VIOLATED TELEMARKETING RESTRICTIONS, FAILED TO FOLLOW CUSTOMER INSTRUCTIONS AND MISMARKED TRADE CONFIRMS. THE ACTIONS WERE DISHONEST AND UNETHICAL AND UNSUITABLE.

Principal Sanction(s)/Relief Sought: Revocation

Other Sanction(s)/Relief Sought: C&D, FINE, COSTS AND RESTITUTION

Resolution: Order

Resolution Date: 02/09/2017

Sanctions Ordered: Monetary/Fine \$100,000.00
Disgorgement/Restitution
Revocation/Expulsion/Denial



Other Sanctions Ordered:	COSTS
Sanction Details:	FINE \$100,000, COSTS \$10,000, RESTITUTION \$57,950.70.
Firm Statement	<p>LEGEND SECURITIES DETERMINED, AFTER A DETAILED THOROUGH INVESTIGATION INTO THE ALLEGATIONS MADE BY THE STATE OF NEW HAMPSHIRE THAT THE ALLEGATIONS WERE COMPLETELY FALSE. FOR EXAMPLE, THE CUSTOMER ACCOUNTS THAT SUPPOSEDLY SUSTAINED LOSSES DUE TO "CHURNING" WERE IN FACT PROFITABLE AND THE CUSTOMERS, WHO WERE CALLED BY THE INVESTIGATING SUPERVISOR, WERE SATISFIED WITH THEIR REGISTERED REPRESENTATIVE AND HAD ABSOLUTELY NO COMPLAINTS. SIMILARLY, THE CLAIM THAT LEGEND POSTED MISINFORMATION IN THE TRANSACTION CONFIRMATIONS IS NOT ONLY FALSE, IT IS IMPOSSIBLE, BECAUSE LEGEND NEITHER PROVIDED THE CONFIRMATIONS NOR HAD ANY CONTROL OVER THE INFORMATION CONTAINED IN THEM. ALL TRANSACTION CONFIRMATIONS AND ACCOUNT STATEMENTS WERE PRODUCED AND MAILED BY LEGEND'S CLEARING FIRM, THE CLEARING FIRM IN A TIMELY COMPLIANT MANNER. NO CUSTOMER EVER COMPLAINED ABOUT MISINFORMATION IN THE TRANSACTION CONFIRMATIONS OR EVEN ABOUT THE REGISTERED REPRESENTATIVE.</p> <p>UNFORTUNATELY, INASMUCH AS LEGEND WAS FORCED TO CLOSE BY THE IMPROPER WITHHOLDING OF ITS FINANCIAL ASSETS BY THE CLEARING FIRM, LEGEND HAS NO MONEY TO PAY ATTORNEYS TO FIGHT THESE ALLEGATIONS MADE BY FINRA. LEGEND WOULD HAVE VEHEMENTLY FOUGHT THESE ALLEGATIONS HAD IT STILL BEEN AN OPERATING ENTITY.</p>

Disclosure 8 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FEES OF \$151,748.18 DUE TO FINRA.
Initiated By:	FINRA
Date Initiated:	12/21/2016
Docket/Case Number:	N/A
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other



Other Sanction(s)/Relief Sought: CANCELLATION

Resolution: Other

Resolution Date: 01/19/2017

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:

Other Sanctions Ordered: CANCELLATION

Sanction Details: PURSUANT TO FINRA RULE 9553, LEGEND SECURITIES, INC.'S MEMBERSHIP WITH FINRA IS CANCELED AS OF JANUARY 19, 2017 FOR FAILURE TO PAY OUTSTANDING FEES.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY FEES OF \$151,748.18 DUE TO FINRA.

Initiated By: FINRA

Date Initiated: 12/21/2016

Docket/Case Number: N/A

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CANCELLATION

Resolution: Other

Resolution Date: 01/19/2017

Sanctions Ordered:

Other Sanctions Ordered: CANCELLATION

**Sanction Details:**

PURSUANT TO FINRA RULE 9553, LEGEND SECURITIES, INC.'S MEMBERSHIP WITH FINRA IS CANCELED AS OF JANUARY 19, 2017 FOR FAILURE TO PAY OUTSTANDING FEES.

Firm Statement

ON NOVEMBER 10TH, 2016 LEGEND SECURITIES, INC.'S, CLEARING FIRM, OWED LEGEND APPROXIMATELY \$250,000 IN COMMISSIONS FOR ACTIVITY IN OCTOBER 2016. RATHER THAN SENDING LEGEND ITS COMMISSIONS, THE CLEARING FIRM WITHHELD THE COMMISSIONS AND DEMANDED THAT LEGEND DEPOSIT THE FUNDS INTO LEGEND'S CLEARING DEPOSIT ACCOUNT. LEGEND ALREADY HAD APPROXIMATELY \$265,000 IN IT'S CLEARING DEPOSIT ACCOUNT AND OTHER LEGEND PROPRIETARY ACCOUNTS HELD AT THE CLEARING FIRM, BUT THE CLEARING FIRM'S SENIOR MANAGEMENT FELT THAT THIS WAS NOT ENOUGH MONEY SO THEY WITHHELD THE BALANCE OF LEGEND'S OCTOBER COMMISSIONS TO SATISFY THEIR DEMAND. THE CLEARING FIRM REASON WAS THAT THEY WANTED TO INSURE THAT THEY COLLECTED THEIR TERMINATION FEE OF \$1,000,000 FROM LEGEND IN THE EVENT LEGEND TRIED TO CANCEL THE CLEARING AGREEMENT WITH THE CLEARING FIRM. LEGEND COMMUNICATED WITH THE CLEARING FIRM FOR THE ENTIRE MONTH OF NOVEMBER AND INFORMING THEM THAT THIS WOULD BE DETRIMENTAL TO LEGEND, AS IT NEEDS CASH TO OPERATE, PAY SALARIES, OPERATING EXPENSES AND OTHER SERVICE PROVIDERS. LEGEND ALSO INFORMED THE CLEARING FIRM THAT IT HAD NO INTENTION OF CANCELLING ITS CLEARING AGREEMENT WITH THEM. THE CLEARING FIRM REFUSED TO ACCEPT THIS AS FACT AND SPECIFICALLY STATED THAT "THEY COULD NOT UNDERSTAND HOW \$250,000 WOULD BE DETRIMENTAL TO LEGEND". DUE TO THE NON-RESOLUTION OF THIS ARGUMENT, THE CLEARING FIRM ALSO WITHHELD LEGEND'S NOVEMBER 2016 COMMISSIONS OF APPROXIMATELY \$450,000 TO \$475,000. IN TOTAL, THE CLEARING FIRM WITHHELD APPROXIMATELY \$890,000 FROM LEGEND AND APPLIED IT TOWARDS THEIR TERMINATION FEE. LEGEND WAS FORCED TO CLOSE BECAUSE IT COMPLETELY RAN OUT OF FUNDS AND HAD NO MONEY TO PAY SERVICE PROVIDERS, VENDORS OR SALARIES, AS WELL AS ANY ARBITRATION AWARDS OR OTHER MONEY OWED TO FINRA. AFTER MAKING FURTHER UNSUCCESSFUL ATTEMPTS TO SETTLE WITH THE CLEARING FIRM, LEGEND FILED FORM BDW ON DECEMBER 8TH, 2016 AS IT WAS NO LONGER ABLE TO OPERATE AS A BUSINESS.

Disclosure 9 of 22**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

RESPONDENT LEGEND SECURITIES, INC. FAILED TO COMPLY WITH AN ARBITRATION AWARD OR SETTLEMENT AGREEMENT.



Initiated By: FINRA
Date Initiated: 12/28/2016
Docket/Case Number: 14-00132
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Suspension
Other Sanction(s)/Relief Sought:
Resolution: Other
Resolution Date: 12/28/2016
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: Suspension
Other Sanctions Ordered:
Sanction Details: PURSUANT TO ARTICLE VI, SECTION 3 OF FINRA BY-LAWS, AND FINRA RULE 9554, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED ON DECEMBER 28, 2016 FOR FAILURE TO COMPLY WITH AN ARBITRATION AWARD OR SETTLEMENT AGREEMENT.

Reporting Source: Firm
Current Status: Final
Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO COMPLY WITH AN ARBITRATION AWARD OR SETTLEMENT AGREEMENT.
Initiated By: FINRA
Date Initiated: 12/28/2016
Docket/Case Number: 14-00132
Principal Product Type: No Product
Other Product Type(s):



Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 12/28/2016

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details: PURSUANT TO ARTICLE VI, SECTION 3 OF FINRA BY-LAWS, AND FINRA RULE 9554, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED ON DECEMBER 28, 2016 FOR FAILURE TO COMPLY WITH AN ARBITRATION AWARD OR SETTLEMENT AGREEMENT.

Firm Statement ON NOVEMBER 10TH, 2026 LEGEND SECURITIES, INC.'S, CLEARING FIRM, OWED LEGEND APPROXIMATELY \$250,000 IN COMMISSIONS FOR ACTIVITY IN OCTOBER 2016. RATHER THAN SENDING LEGEND ITS COMMISSIONS, THE CLEARING FIRM WITHHELD THE COMMISSIONS AND DEMANDED THAT LEGEND DEPOSIT THE FUNDS INTO LEGEND'S CLEARING DEPOSIT ACCOUNT. LEGEND ALREADY HAD APPROXIMATELY \$265,000 IN IT'S CLEARING DEPOSIT ACCOUNT AND OTHER LEGEND PROPRIETARY ACCOUNTS HELD AT THE CLEARING FIRM, BUT THE CLEARING FIRM'S SENIOR MANAGEMENT FELT THAT THIS WAS NOT ENOUGH MONEY SO THEY WITHHELD THE BALANCE OF LEGEND'S OCTOBER COMMISSIONS TO SATISFY THEIR DEMAND. THE CLEARING FIRM REASON WAS THAT THEY WANTED TO INSURE THAT THEY COLLECTED THEIR TERMINATION FEE OF \$1,000,000 FROM LEGEND IN THE EVENT LEGEND TRIED TO CANCEL THE CLEARING AGREEMENT WITH THE CLEARING FIRM. LEGEND COMMUNICATED WITH THE CLEARING FIRM FOR THE ENTIRE MONTH OF NOVEMBER AND INFORMING THEM THAT THIS WOULD BE DETRIMENTAL TO LEGEND, AS IT NEEDS CASH TO OPERATE, PAY SALARIES, OPERATING EXPENSES AND OTHER SERVICE PROVIDERS. LEGEND ALSO INFORMED THE CLEARING FIRM THAT IT HAD NO INTENTION OF CANCELLING ITS CLEARING AGREEMENT WITH THEM. THE CLEARING FIRM REFUSED TO ACCEPT THIS AS FACT AND SPECIFICALLY STATED THAT "THEY COULD NOT UNDERSTAND HOW \$250,000 WOULD BE DETRIMENTAL TO LEGEND". DUE TO THE NON-RESOLUTION OF THIS ARGUMENT, THE CLEARING FIRM ALSO WITHHELD LEGEND'S NOVEMBER 2016 COMMISSIONS OF APPROXIMATELY \$450,000 TO \$475,000. IN TOTAL, THE CLEARING FIRM WITHHELD APPROXIMATELY \$890,000 FROM LEGEND AND APPLIED IT TOWARDS THEIR TERMINATION FEE. LEGEND WAS FORCED TO CLOSE BECAUSE IT COMPLETELY RAN OUT OF FUNDS AND HAD NO MONEY TO PAY SERVICE PROVIDERS, VENDORS OR SALARIES, AS WELL AS ANY



ARBITRATION AWARDS OR OTHER MONEY OWED TO FINRA. AFTER MAKING FURTHER UNSUCCESSFUL ATTEMPTS TO SETTLE WITH THE CLEARING FIRM, LEGEND FILED FORM BDW ON DECEMBER 8TH, 2016 AS IT WAS NO LONGER ABLE TO OPERATE AS A BUSINESS.

Disclosure 10 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM BY FAILING TO ENFORCE ITS WSPS FOR HEIGHTENED SUPERVISION OF A REGISTERED REPRESENTATIVE. THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO PREPARE A PLAN OF HEIGHTENED SUPERVISION, AND IT FAILED TO PLACE THE REGISTERED REPRESENTATIVE ON HEIGHTENED SUPERVISION AT ANY TIME DURING HIS ASSOCIATION WITH THE FIRM DESPITE MEETING ITS CRITERIA FOR HEIGHTENED SUPERVISION. THE COMPLAINT ALSO ALLEGES THAT THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM, AND FAILED TO ENFORCE ITS WSPS, TO PREVENT THE REGISTERED REPRESENTATIVE FROM CHURNING AND EXCESSIVELY TRADING THE CUSTOMER'S BROKERAGE ACCOUNTS. THE FIRM FAILED TO ADEQUATELY INVESTIGATE RED FLAGS DEMONSTRATING THAT THE REGISTERED REPRESENTATIVE WAS CHURNING THE CUSTOMER'S ACCOUNTS. THE FIRM ALSO FAILED TO ADEQUATELY INVESTIGATE, OR SIMPLY IGNORED, THAT THE REGISTERED REPRESENTATIVE ENGAGED IN AGGRESSIVE, "IN-AND-OUT" TRADING, REPEATEDLY PURCHASING SECURITIES AND THEN SELLING THEM AFTER RELATIVELY SHORT HOLDING PERIODS TO PURCHASE OTHER SECURITIES, FOR NO APPARENT REASON. SUCH IN-AND-OUT TRADING IS A HALLMARK OF EXCESSIVE TRADING AND CHURNING.
Initiated By:	FINRA
Date Initiated:	11/30/2016
Docket/Case Number:	2015048048801
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A



Resolution:	Decision
Resolution Date:	12/04/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$200,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$200,000.
Regulator Statement	<p>DEFAULT DECISION RENDERED NOVEMBER 6, 2017. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM FAILED TO SUPERVISE ITS REGISTERED REPRESENTATIVE, WHO FRAUDULENTLY CHURNED THE ACCOUNTS OF AN ELDERLY AND BLIND CUSTOMER.</p> <p>THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND ENFORCE WRITTEN SUPERVISORY PROCEDURES (WSPS) TO ENSURE THAT THE REPRESENTATIVE WAS SUBJECT TO HEIGHTENED SUPERVISION. THE FIRM HAD IDENTIFIED THIS REPRESENTATIVE WHEN IT HIRED HIM AS A BROKER WHO SHOULD BE SUBJECT TO HEIGHTENED SUPERVISION. NEVERTHELESS, THE FIRM FAILED TO PREPARE SUCH A PLAN OR PLACE HIM UNDER HEIGHTENED SUPERVISION AT ANY TIME DURING THE MORE THAN THREE YEARS THAT THE FIRM HAD THE REPRESENTATIVE REGISTERED WITH IT.</p> <p>THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SUPERVISE REASONABLY THE REPRESENTATIVE, WHICH ALLOWED HIM TO ENGAGE IN QUANTITATIVELY UNSUITABLE TRADING AND CHURNING IN THE CUSTOMER'S ACCOUNTS. THE FIRM FAILED TO INVESTIGATE ADEQUATELY RED FLAGS DEMONSTRATING THAT THE REPRESENTATIVE WAS CHURNING THE CUSTOMER'S ACCOUNTS.</p> <p>THE REPRESENTATIVE CHURNED AND EXCESSIVELY TRADED THE CUSTOMER'S ACCOUNTS AND HIS TRADING WAS EXCESSIVE, AS EVIDENCED BY THE HIGH TURNOVER RATES AND COST-TO-EQUITY RATIOS. THE FIRM AND THE REPRESENTATIVE CHARGED THE CUSTOMER A TOTAL OF \$232,626.36 IN COMMISSIONS, TICKET CHARGES, AND OTHER FEES. THE CUSTOMER SUFFERED NET LOSSES EXCEEDING \$170,000 BECAUSE OF THE REPRESENTATIVE'S TRADING IN HER THREE ACCOUNTS. THE FIRM ALSO FAILED TO INVESTIGATE ADEQUATELY, OR SIMPLY IGNORED, THAT THE REPRESENTATIVE ENGAGED IN AGGRESSIVE,</p>



"IN-AND-OUT" TRADING, REPEATEDLY PURCHASING SECURITIES AND THEN SELLING THEM AFTER RELATIVELY SHORT HOLDING PERIODS TO PURCHASE OTHER SECURITIES, FOR NO APPARENT REASON.

THE DECISION BECAME FINAL DECEMBER 4, 2017.

Reporting Source:	Firm
Current Status:	Pending
Allegations:	THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM BY FAILING TO ENFORCE ITS WSPS FOR HEIGHTENED SUPERVISION OF A REGISTERED REPRESENTATIVE. THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO PREPARE A PLAN OF HEIGHTENED SUPERVISION, AND IT FAILED TO PLACE THE REGISTERED REPRESENTATIVE ON HEIGHTENED SUPERVISION AT ANY TIME DURING HIS ASSOCIATION WITH THE FIRM DESPITE MEETING ITS CRITERIA FOR HEIGHTENED SUPERVISION. THE COMPLAINT ALSO ALLEGES THAT THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SUPERVISORY SYSTEM, AND FAILED TO ENFORCE ITS WSPS, TO PREVENT THE REGISTERED REPRESENTATIVE FROM CHURNING AND EXCESSIVELY TRADING THE CUSTOMER'S BROKERAGE ACCOUNTS. THE FIRM FAILED TO ADEQUATELY INVESTIGATE RED FLAGS DEMONSTRATING THAT THE REGISTERED REPRESENTATIVE WAS CHURNING THE CUSTOMER'S ACCOUNTS. THE FIRM ALSO FAILED TO ADEQUATELY INVESTIGATE, OR SIMPLY IGNORED, THAT THE REGISTERED REPRESENTATIVE ENGAGED IN AGGRESSIVE, "IN-AND-OUT" TRADING, REPEATEDLY PURCHASING SECURITIES AND THEN SELLING THEM AFTER RELATIVELY SHORT HOLDING PERIODS TO PURCHASE OTHER SECURITIES, FOR NO APPARENT REASON. SUCH IN-AND-OUT TRADING IS A HALLMARK OF EXCESSIVE TRADING AND CHURNING.
Initiated By:	FINRA
Date Initiated:	11/30/2016
Docket/Case Number:	2015048048801
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A

**Firm Statement**

LEGEND SECURITIES DID HAVE AND ALWAYS HAD WRITTEN SUPERVISORY PROCEDURES AND HIERARCHICAL SYSTEMS IN PLACE THAT MET ALL FINRA GUIDELINES AND WERE MORE THAN REASONABLE, TO DETECT ALL ITEMS HERE REFERENCED BY FINRA. LEGEND'S SENIOR MANAGEMENT HELD WEEKLY MEETINGS WITH ITS DEPARTMENT HEADS AND SUPERVISORS TO DISCUSS OPERATIONAL AND COMPLIANCE ISSUES AND TO INSURE QUICK RESOLUTIONS TO EVERY ITEM AT HAND AS WELL AS TO IMPLEMENT PRE-EMPTIVE MEASURES TO ENHANCE LEGEND'S SUPERVISORY STRUCTURE AND PROCEDURES AND INSURE COMPLIANCE WITH ALL RULES AND REGULATIONS. THE ACTIVITY ALLEGED BY FINRA, IF IT OCCURRED, WOULD HAVE RESULTED FROM A FAILURE TO FOLLOW EXISTING PROCEDURES, NOT FROM AN ABSENCE OR DEFICIENCY IN THE FINRA APPROVED PROCEDURES AND SUPERVISORY SYSTEMS THAT LEGEND CREATED AND BUILT OVER ITS 19 YEAR HISTORY. LEGEND THEREFORE DISAGREES WITH THE ASSERTIONS MADE BY FINRA WITHIN THIS COMPLAINT. UNFORTUNATELY, INASMUCH AS LEGEND WAS FORCED TO CLOSE BY THE IMPROPER WITHHOLDING OF ITS FINANCIAL ASSETS BY THE CLEARING FIRM, LEGEND HAS NO MONEY TO PAY ATTORNEYS TO FIGHT THESE ALLEGATIONS MADE BY FINRA. LEGEND WOULD HAVE VEHEMENTLY FOUGHT THESE ALLEGATIONS HAD IT STILL BEEN AN OPERATING ENTITY.

Disclosure 11 of 22

Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING ANY VIOLATION OF SOUTH CAROLINA UNIFORM SECURITIES ACT OF 2005, LEGEND CONSENTED TO CEASE CONDUCTING BUSINESS IN THE STATE OF SOUTH CAROLINA AND TO PAY A FINE IN THE AMOUNT OF \$30,000
Initiated By:	SOUTH CAROLINA
Date Initiated:	03/18/2016
Docket/Case Number:	14108
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	



Resolution: Consent

Resolution Date: 06/30/2016

Sanctions Ordered: Monetary/Fine \$30,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: FINE OF \$30,000 WAS PAID ON JUNE 30, 2016 BY THE FIRM.

Disclosure 12 of 22

Reporting Source: Regulator

Current Status: Final

Allegations: THE DIVISION ALLEGED RESPONDENT ENGAGED IN DISHONEST OR UNETHICAL PRACTICES UNDER SECTION 61-1-6(2)(A)(II)(G) OF THE UTAH UNIFORM SECURITIES ACT ("ACT"), VIOLATED SECTION 61-1-1(3) OF THE ACT, FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE ACT, AND FAILED TO MAINTAIN BOOKS AND RECORDS UNDER SECTION 61-1-5 OF THE ACT.

Initiated By: UTAH

Date Initiated: 02/19/2016

Docket/Case Number: SD-16-0010

URL for Regulatory Action: [HTTP://SECURITIES.UTAH.GOV/DOCKETS/16001001.PDF](http://SECURITIES.UTAH.GOV/DOCKETS/16001001.PDF)

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: Stipulation and Consent

Resolution Date: 05/26/2016

Sanctions Ordered: Monetary/Fine \$50,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: FINE TO BE PAID AS FOLLOWS: \$25,000 WITHIN 90 DAYS FOLLOWING ENTRY OF THE ORDER AND THE BALANCE OF \$25,000 WITHIN 12 MONTHS FOLLOWING ENTRY OF THE ORDER.

Sanction Details: -



Reporting Source: Firm

Current Status: Final

Allegations: THE DIVISION ALLEGED RESPONDENT ENGAGED IN DISHONEST OR UNETHICAL PRACTICE UNDER SECTION 61-1-6(2)(A)(II)(G) OF THE UTAH UNIFORM SECURITIES ACTION ("ACT"), VIOLATED SECTION 61-1-1(3) OF THE ACT, FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE ACT, AND FAILED TO MAINTAIN BOOKS AND RECORDS UNDER SECTION 61-1-5 OF THE ACT.

Initiated By: UTAH

Date Initiated: 02/19/2016

Docket/Case Number: SD-16-0010

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: Stipulation and Consent

Resolution Date: 05/26/2016

Sanctions Ordered: Monetary/Fine \$50,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: FINED \$50,000.

Disclosure 13 of 22

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 TAILOR ITS AML PROGRAM TO ITS PENNY STOCK LIQUIDATION BUSINESS. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING TRADING ACTIVITY, WHICH CONSISTED PRIMARILY OF A MANUAL REVIEW OF DAILY TRADE BLOTTERS, WAS NOT REASONABLY DESIGNED TO



DETECT PATTERNS OF SUSPICIOUS ACTIVITY THAT MIGHT OCCUR OVER THE COURSE OF DAYS, WEEKS OR MONTHS, GIVEN THE VOLUME OF PENNY STOCK TRANSACTIONS BEING EXECUTED THROUGH THE FIRM. THE FIRM'S SYSTEM FOR DETECTING AND INVESTIGATING RED FLAGS RELATING TO PENNY STOCK TRADING ALSO WAS NOT ADEQUATE. ALTHOUGH THE FIRM'S WRITTEN AML PROCEDURES CONTAINED A SECTION THAT IDENTIFIED RED FLAGS THAT COULD BE INDICATIVE OF SUSPICIOUS ACTIVITY, NONE OF THE RED FLAGS RELATED SPECIFICALLY TO PENNY STOCK TRADING. FURTHER, EVEN AS TO THOSE RED FLAGS THAT WERE IDENTIFIED, THE FIRM'S AML PROCEDURES PROVIDED INADEQUATE GUIDANCE REGARDING WHAT STEPS SHOULD BE TAKEN TO DETECT AND INVESTIGATE THEM. AS RESULT OF ITS INADEQUATE AML PROGRAM, THE FIRM FAILED TO IDENTIFY AS A RED FLAG THE DEPOSIT BY AT LEAST FIVE OF ITS CUSTOMERS OF MORE THAN 2 BILLION SHARES OF PENNY STOCKS FOLLOWED SHORTLY THEREAFTER BY THE LIQUIDATION OF THOSE STOCKS, GENERATING APPROXIMATELY \$3.2 MILLION IN PROCEEDS, AND THE NEAR IMMEDIATE WIRING OF SALES PROCEEDS OUT OF THE CLIENTS' ACCOUNTS. THE FIRM ALSO FAILED TO CONDUCT THE DUE DILIGENCE THAT WOULD HAVE UNCOVERED OTHER RED FLAGS SUGGESTING POTENTIALLY SUSPICIOUS ACTIVITY IN CUSTOMER ACCOUNTS THAT ENGAGED IN PENNY STOCK LIQUIDATIONS, SUCH AS EVIDENCE OF STOCK PROMOTION ACTIVITIES TIMED TO COINCIDE WITH THE DEPOSIT AND LIQUIDATION OF THE SAME PENNY STOCKS THAT WERE BEING PROMOTED; CLIENTS WITH PROBLEMATIC CRIMINAL, CIVIL OR REGULATORY HISTORIES, INCLUDING A HISTORY OF VIOLATING THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933; AND TRANSACTIONS INVOLVING JURISDICTIONS KNOWN TO POSE HIGH RISKS OF MONEY LAUNDERING ACTIVITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO APPLY THE REQUISITE DUE DILIGENCE WHEN OPENING A CORRESPONDENT ACCOUNT FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM'S POLICIES AND PROCEDURES, INCLUDING ITS WSPS, WERE NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM WAS COMPLYING WITH THE DUE DILIGENCE REQUIREMENTS THAT APPLY TO CORRESPONDENT ACCOUNTS ESTABLISHED FOR FOREIGN FINANCIAL INSTITUTIONS. THE FIRM'S WRITTEN AML PROCEDURES RECITED THAT ITS CCO WOULD ENSURE THAT THE FIRM WAS TAKING STEPS TO DETERMINE WHERE ENHANCED DUE DILIGENCE STEPS ARE REQUIRED IN DETERMINING WHETHER OR NOT TO ACCEPT A FOREIGN CORRESPONDENT ACCOUNT, INCLUDING FOR DUE DILIGENCE REQUIREMENTS UNDER THE BANK SECRECY ACT AND WHETHER THE FOREIGN FINANCIAL INSTITUTION PRESENTS A SIGNIFICANT RISK FOR MONEY LAUNDERING. BUT THE AML PROCEDURES OTHERWISE PROVIDED NO GUIDANCE AS TO HOW REGISTERED REPRESENTATIVES SHOULD DETERMINE WHETHER AN ACCOUNT WAS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL



INSTITUTION AND, IF SO, WHAT TYPE OF DUE DILIGENCE SHOULD BE PERFORMED. HOWEVER, A FOREIGN BANK BASED IN THE CAYMAN ISLANDS AND OPERATING UNDER AN OFFSHORE BANKING LICENSE THAT WAS ISSUED BY THE CAYMAN ISLANDS MONETARY AUTHORITY OPENED AN ACCOUNT AT THE FIRM. BUT BECAUSE OF ITS INADEQUATE PROCEDURES, THE FIRM FAILED TO IDENTIFY THE ACCOUNT AS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM FAILED TO CONDUCT THE APPROPRIATE DUE DILIGENCE THAT IS REQUIRED FOR EVERY CORRESPONDENT ACCOUNT THAT IS ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM ALSO FAILED TO CONDUCT THE ENHANCED DUE DILIGENCE THAT IS REQUIRED WHEN A CORRESPONDENT ACCOUNT IS ESTABLISHED BY A FOREIGN BANK THAT IS OPERATING UNDER AN OFFSHORE BANKING LICENSE. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO ESTABLISH A SUPERVISORY SYSTEM, INCLUDING WSPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933.

Initiated By:	FINRA
Date Initiated:	02/10/2016
Docket/Case Number:	2010022592101
Principal Product Type:	Penny Stock(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/10/2016
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 \$125,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$125,000, AND REQUIRED TO RETAIN,



WITHIN 60 DAYS OF THE DATE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, 31 U.S.C. 5311 ET SEQ., AND THE REGULATIONS PROMULGATED THEREUNDER, INCLUDING, BUT NOT LIMITED TO, THOSE RELATED TO MONITORING FOR, IDENTIFYING, INVESTIGATING, AND RESPONDING TO RED FLAGS OF SUSPICIOUS TRANSACTIONS IN GENERAL AND SPECIFICALLY WITH RESPECT TO LOW-PRICED SECURITIES AND COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT, AND THE APPLICABLE RULES AND REGULATIONS, WITH RESPECT TO THE DEPOSIT AND SALE OF UNREGISTERED SECURITIES. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 120 DAYS AFTER THE DATE OF THE AWC, REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT TO THE FIRM AND FINRA AN INITIAL REPORT.

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 TAILOR ITS AML PROGRAM TO ITS PENNY STOCK LIQUIDATION BUSINESS. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING TRADING ACTIVITY, WHICH CONSISTED PRIMARILY OF A MANUAL REVIEW OF DAILY TRADE BLOTTERS, WAS NOT REASONABLY DESIGNED TO DETECT PATTERNS OF SUSPICIOUS ACTIVITY THAT MIGHT OCCUR OVER THE COURSE OF DAYS, WEEKS OR MONTHS, GIVEN THE VOLUME OF PENNY STOCK TRANSACTIONS BEING EXECUTED THROUGH THE FIRM. THE FIRM'S SYSTEM FOR DETECTING AND INVESTIGATING RED FLAGS RELATING TO PENNY STOCK TRADING ALSO WAS NOT ADEQUATE. ALTHOUGH THE FIRM'S WRITTEN AML PROCEDURES CONTAINED A SECTION THAT IDENTIFIED RED FLAGS THAT COULD BE INDICATIVE OF SUSPICIOUS ACTIVITY, NONE OF THE RED FLAGS RELATED SPECIFICALLY TO PENNY STOCK TRADING. FURTHER, EVEN AS TO THOSE RED FLAGS THAT WERE IDENTIFIED, THE FIRM'S AML PROCEDURES PROVIDED INADEQUATE GUIDANCE REGARDING WHAT STEPS SHOULD BE TAKEN TO DETECT AND INVESTIGATE THEM. AS RESULT OF ITS INADEQUATE AML PROGRAM, THE FIRM FAILED TO IDENTIFY AS A RED FLAG THE DEPOSIT BY AT LEAST FIVE OF ITS CUSTOMERS OF MORE THAN 2 BILLION SHARES OF PENNY STOCKS FOLLOWED SHORTLY THEREAFTER BY THE LIQUIDATION OF THOSE STOCKS, GENERATING APPROXIMATELY \$3.2 MILLION IN PROCEEDS, AND THE NEAR IMMEDIATE WIRING OF SALES PROCEEDS OUT OF THE CLIENTS' ACCOUNTS. THE FIRM ALSO FAILED TO



CONDUCT THE DUE DILIGENCE THAT WOULD HAVE UNCOVERED OTHER RED FLAGS SUGGESTING POTENTIALLY SUSPICIOUS ACTIVITY IN CUSTOMER ACCOUNTS THAT ENGAGED IN PENNY STOCK LIQUIDATIONS, SUCH AS EVIDENCE OF STOCK PROMOTION ACTIVITIES TIMED TO COINCIDE WITH THE DEPOSIT AND LIQUIDATION OF THE SAME PENNY STOCKS THAT WERE BEING PROMOTED; CLIENTS WITH PROBLEMATIC CRIMINAL, CIVIL OR REGULATORY HISTORIES, INCLUDING A HISTORY OF VIOLATING THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933; AND TRANSACTIONS INVOLVING JURISDICTIONS KNOWN TO POSE HIGH RISKS OF MONEY LAUNDERING ACTIVITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO APPLY THE REQUISITE DUE DILIGENCE WHEN OPENING A CORRESPONDENT ACCOUNT FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM'S POLICIES AND PROCEDURES, INCLUDING ITS WSPS, WERE NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM WAS COMPLYING WITH THE DUE DILIGENCE REQUIREMENTS THAT APPLY TO CORRESPONDENT ACCOUNTS ESTABLISHED FOR FOREIGN FINANCIAL INSTITUTIONS. THE FIRM'S WRITTEN AML PROCEDURES RECITED THAT ITS CCO WOULD ENSURE THAT THE FIRM WAS TAKING STEPS TO DETERMINE WHERE ENHANCED DUE DILIGENCE STEPS ARE REQUIRED IN DETERMINING WHETHER OR NOT TO ACCEPT A FOREIGN CORRESPONDENT ACCOUNT, INCLUDING FOR DUE DILIGENCE REQUIREMENTS UNDER THE BANK SECRECY ACT AND WHETHER THE FOREIGN FINANCIAL INSTITUTION PRESENTS A SIGNIFICANT RISK FOR MONEY LAUNDERING. BUT THE AML PROCEDURES OTHERWISE PROVIDED NO GUIDANCE AS TO HOW REGISTERED REPRESENTATIVES SHOULD DETERMINE WHETHER AN ACCOUNT WAS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION AND, IF SO, WHAT TYPE OF DUE DILIGENCE SHOULD BE PERFORMED. HOWEVER, A FOREIGN BANK BASED IN THE CAYMAN ISLANDS AND OPERATING UNDER AN OFFSHORE BANKING LICENSE THAT WAS ISSUED BY THE CAYMAN ISLANDS MONETARY AUTHORITY OPENED AN ACCOUNT AT THE FIRM. BUT BECAUSE OF ITS INADEQUATE PROCEDURES, THE FIRM FAILED TO IDENTIFY THE ACCOUNT AS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM FAILED TO CONDUCT THE APPROPRIATE DUE DILIGENCE THAT IS REQUIRED FOR EVERY CORRESPONDENT ACCOUNT THAT IS ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM ALSO FAILED TO CONDUCT THE ENHANCED DUE DILIGENCE THAT IS REQUIRED WHEN A CORRESPONDENT ACCOUNT IS ESTABLISHED BY A FOREIGN BANK THAT IS OPERATING UNDER AN OFFSHORE BANKING LICENSE. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO ESTABLISH A SUPERVISORY SYSTEM, INCLUDING WSPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933.

Initiated By:

FINRA



Date Initiated: 02/10/2016

Docket/Case Number: 2010022592101

Principal Product Type: Penny Stock(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/10/2016

Sanctions Ordered: Censure
Monetary/Fine \$125,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$125,000, AND REQUIRED TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, 31 U.S.C. 5311 ET SEQ., AND THE REGULATIONS PROMULGATED THEREUNDER, INCLUDING, BUT NOT LIMITED TO, THOSE RELATED TO MONITORING FOR, IDENTIFYING, INVESTIGATING, AND RESPONDING TO RED FLAGS OF SUSPICIOUS TRANSACTIONS IN GENERAL AND SPECIFICALLY WITH RESPECT TO LOW-PRICED SECURITIES AND COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT, AND THE APPLICABLE RULES AND REGULATIONS, WITH RESPECT TO THE DEPOSIT AND SALE OF UNREGISTERED SECURITIES. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 120 DAYS AFTER THE DATE OF THE AWC, REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT TO THE FIRM AND FINRA AN INITIAL REPORT.

Disclosure 14 of 22

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR



SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010

Docket/Case Number: 2008013976601

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: 04/12/2010

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 15 of 22

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010



Docket/Case Number: 2008013976601

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: 04/12/2010

Sanctions Ordered: 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 16 of 22

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 TRANSMITTED COMBINED/ORDER EXECUTION REPORTS WHICH CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS).

Initiated By: FINRA

Date Initiated: 07/08/2015

Docket/Case Number: 2013036005701

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: 07/08/2015

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: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$5,000. FINE PAID IN FULL ON JULY 29, 2015.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450 - FOR THE PERIOD BETWEEN OCTOBER 1, 2012 AND DECEMBER 31, 2012 THE FIRM TRANSMITTED TO OATS (ORDER AUDIT TRAIL SYSTEM) 86 COMBINED ORDER/EXECUTION REPORTS WHICH CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

Initiated By: FINRA

Date Initiated: 10/01/2012

Docket/Case Number: 2013036005701

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/08/2015

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: FIRM WAS FINED \$5000.00 AND PAID ON 7/29/2015.

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;
THEREFORE, THE FIRM IS FINED \$5000.

Disclosure 17 of 22

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 TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT COMPLETE AND ACCURATE DATA IN TRANSACTIONS IN REPORTABLE SECURITIES. SPECIFICALLY, THE FIRM INCORRECTLY REPORTED AGENCY TRANSACTIONS AS PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AND INCORRECTLY MEDIA REPORTED TRANSACTIONS IN DESIGNATED SECURITIES TO THE TRF. THE FIRM REPORTED LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES TO THE TRF IT WAS NOT REQUIRED TO REPORT. THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. THIS REPORT INCLUDED INCOMPLETE INFORMATION AS TO THE ORDERS THAT WERE NOT TRANSMITTED TO THE CLEARING FIRM FOR ROUTING. THE FIRM ALSO FAILED TO PROVIDE EVIDENCE THAT IT PROVIDED HARD-COPY NOTIFICATIONS TO ITS CUSTOMERS AT LEAST ANNUALLY THAT, HARD-COPIES OF THE QUARTERLY ORDER ROUTING REPORTS ARE AVAILABLE, FREE OF CHARGE, UPON REQUEST FROM THE CUSTOMER; AND CUSTOMERS MAY REQUEST SPECIFIC INFORMATION REGARDING THE ROUTING OF THEIR OWN ORDERS. THE FIRM FAILED TO PROVIDE AN ORDER RECORD FOR TRANSACTIONS; FAILED TO PROVIDE A CUSTOMER CONFIRMATION; FAILED TO PROVIDE THE NAME OF THE CUSTOMER FOR AN ORDER; FAILED TO PROVIDE ORDER RECORDS WITH EXECUTION QUANTITY AND EXECUTION PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY AND LIMIT PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY; FAILED TO PROVIDE AN ORDER RECORD WITH EXECUTION QUANTITIES; FAILED TO DOCUMENT THE CANCEL REPLACEMENT INFORMATION ON AN ORDER RECORD; AND



INCORRECTLY CODED ORDER TICKETS AS DIRECTED ORDERS. THE FIRM SENT SHORT SALE ORDERS FOR EXECUTION AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM, ON 31 OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SECURITIES EXCHANGE ACT OF 1934 RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS, ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, OATS, OTHER RULES, AND USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS). THE FIRM ALSO FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS ON 155 BUSINESS DAYS UNDER ITS MPID.

Initiated By: FINRA

Date Initiated: 10/24/2014

Docket/Case Number: 2012030989702

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/24/2014



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$52,500.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED \$52,500.

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 TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT COMPLETE AND ACCURATE DATA IN TRANSACTIONS IN REPORTABLE SECURITIES. SPECIFICALLY, THE FIRM INCORRECTLY REPORTED AGENCY TRANSACTIONS AS PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AND INCORRECTLY MEDIA REPORTED TRANSACTIONS IN DESIGNATED SECURITIES TO THE TRF. THE FIRM REPORTED LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES TO THE TRF IT WAS NOT REQUIRED TO REPORT. THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. THIS REPORT INCLUDED INCOMPLETE INFORMATION AS TO THE ORDERS THAT WERE NOT TRANSMITTED TO THE CLEARING FIRM FOR ROUTING. THE FIRM ALSO FAILED TO PROVIDE EVIDENCE THAT IT PROVIDED HARD-COPY NOTIFICATIONS TO ITS CUSTOMERS AT LEAST ANNUALLY THAT, HARD-COPIES OF THE QUARTERLY ORDER ROUTING REPORTS ARE AVAILABLE, FREE OF CHARGE, UPON REQUEST FROM THE CUSTOMER; AND CUSTOMERS MAY REQUEST SPECIFIC INFORMATION REGARDING



THE ROUTING OF THEIR OWN ORDERS. THE FIRM FAILED TO PROVIDE AN ORDER RECORD FOR TRANSACTIONS; FAILED TO PROVIDE A CUSTOMER CONFIRMATION; FAILED TO PROVIDE THE NAME OF THE CUSTOMER FOR AN ORDER; FAILED TO PROVIDE ORDER RECORDS WITH EXECUTION QUANTITY AND EXECUTION PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY AND LIMIT PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY; FAILED TO PROVIDE AN ORDER RECORD WITH EXECUTION QUANTITIES; FAILED TO DOCUMENT THE CANCEL REPLACEMENT INFORMATION ON AN ORDER RECORD; AND INCORRECTLY CODED ORDER TICKETS AS DIRECTED ORDERS. THE FIRM SENT SHORT SALE ORDERS FOR EXECUTION AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM, ON 31 OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SECURITIES EXCHANGE ACT OF 1934 RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS, ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, OATS, OTHER RULES, AND USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS). THE FIRM ALSO FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS ON 155 BUSINESS DAYS UNDER ITS MPID.

Initiated By:	FINRA
Date Initiated:	10/24/2014
Docket/Case Number:	2012030989702
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure



Other Sanction(s)/Relief Sought:	ADMINISTRATIVE PENALTY
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/24/2014
Sanctions Ordered:	Censure Monetary/Fine \$52,500.00
Other Sanctions Ordered:	NONE
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$52,500.
Firm Statement	THE FIRM WAS SANCTIONED AND FINED VIA AN AWC.

Disclosure 18 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULES G-8, G-14 - LEGEND SECURITIES, INC. FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN MUNICIPAL SECURITIES TRANSACTION REPORTS. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF TRANSACTIONS IN MUNICIPAL SECURITIES.
Initiated By:	FINRA
Date Initiated:	11/21/2012
Docket/Case Number:	2011026471801
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: 11/21/2012

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 \$12,500.00

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 \$12,500 FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON 12/14/12.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-8, G-14 - LEGEND SECURITIES, INC. FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN MUNICIPAL SECURITIES TRANSACTION REPORTS. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF TRANSACTIONS IN MUNICIPAL SECURITIES.

Initiated By: FINRA

Date Initiated: 11/21/2012

Docket/Case Number: 2011026471801

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: 11/21/2012

Sanctions Ordered: Censure
Monetary/Fine \$12,500.00

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 \$12,500 FOR MSRB RULE VIOLATIONS.

Disclosure 19 of 22

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASE 11-03675.

Initiated By: FINRA

Date Initiated: 05/21/2012

Docket/Case Number: 11-03675

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/11/2012

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: Suspension

Other Sanctions Ordered:



Sanction Details: PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASE 11-03675

Initiated By: FINRA

Date Initiated: 05/21/2012

Docket/Case Number: 11-03675

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/11/2012

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details: PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.

Firm Statement PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.

Disclosure 20 of 22

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-14, G-27 - LEGEND 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 SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE FIRM'S MUNICIPAL SECURITIES PRINCIPAL WOULD VERIFY ITS COMPLIANCE WITH MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) REPORTING REQUIREMENTS AND DOCUMENT SUCH REVIEWS WITH, AT A MINIMUM, DATES, SCOPE OF REVIEW, NAME OF INDIVIDUAL CONDUCTING THE REVIEW AND FINDINGS.

Initiated By: FINRA

Date Initiated: 03/29/2012

Docket/Case Number: 2009020544401

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: 03/29/2012

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 \$20,000.00

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 \$20,000 FOR MSRB RULE VIOLATIONS.
FINE PAID IN FULL APRIL 10, 2012.



Reporting Source:	Firm
Current Status:	Final
Allegations:	MSRB RULES G-14, G-27 - LEGEND 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 SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE FIRM'S MUNICIPAL SECURITIES PRINCIPAL WOULD VERIFY ITS COMPLIANCE WITH MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) REPORTING REQUIREMENTS AND DOCUMENT SUCH REVIEWS WITH, AT A MINIMUM, DATES, SCOPE OF REVIEW, NAME OF INDIVIDUAL CONDUCTING THE REVIEW AND FINDINGS.
Initiated By:	FINRA
Date Initiated:	03/29/2012
Docket/Case Number:	20090205444-01
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/29/2012
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	A CENSURE AND A \$20,000.00 FINE (COMPRISE OF \$5,000.00 FOR THE VIOLATIONS OF MSRB RULE G-14 IN MATTER 20090205444, \$7,500.00 FOR THE VIOLATIONS OF MSRB RULE G-14 IN MATTER 20100238852, AND \$7,500.00 FOR THE VIOLATIONS OF MSRB RULE G-27 IN MATTER 20090205444)
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000 FOR MSRB RULE



VIOLATIONS.

Disclosure 21 of 22

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-64502, MAY 16, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 15(B), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LEGEND SECURITIES, INC. ("LEGEND" OR "RESPONDENT").

THE COMMISSION FOUND THAT:

LEGEND HAS BEEN A BROKER DEALER REGISTERED WITH THE COMMISSION PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT SINCE 1998.

ON MARCH 24, 2009, COMMISSION STAFF WITH THE NEW YORK REGIONAL OFFICE'S BROKER DEALER INSPECTION PROGRAM ("BDIP STAFF") COMMENCED AN EXAMINATION OF LEGEND. IN CONNECTION WITH THE EXAMINATION, BDIP STAFF REQUESTED THAT LEGEND PROVIDE VARIOUS RECORDS, INCLUDING CERTAIN RECORDS CONCERNING LEGEND EMPLOYEES. LEGEND'S PRESIDENT AND CHIEF COMPLIANCE OFFICER ("PRESIDENT") PRODUCED THE DOCUMENTS ON LEGEND'S BEHALF IN RESPONSE TO THE EXAMINATION STAFF'S REQUEST. THE RECORDS THE PRESIDENT PRODUCED DID NOT INCLUDE CERTAIN REQUESTED DOCUMENTS FOR ONE ASSOCIATED PERSON OF LEGEND ("ASSOCIATED PERSON").

ON MAY 4, 2009, BDIP STAFF REQUESTED THE PERSONNEL FILE FOR THE ASSOCIATED PERSON. AFTER NOT RECEIVING ANY DOCUMENTS IN RESPONSE, BDIP STAFF REITERATED THIS REQUEST ON MULTIPLE OCCASIONS BETWEEN MAY 4 AND MAY 22, 2009.

ON MAY 26, 2009, THE PRESIDENT SENT THE ASSOCIATED PERSON AN ELECTRONIC MAIL MESSAGE IN WHICH HE WROTE:

I'M GOING THRU (SIC) MY EMPLOYEE FILES FOR THE SEC AUDIT AND REALIZED THAT I DON'T HAVE ALL OF THE OTHER EMPLOYMENT/REGISTRATION FORMS FOR YOU. I ONLY HAVE YOUR FORM U4. I HAVE ATTACHED THE FORMS THAT I NEED YOU TO COMPLETE, SIGN AND FAX BACK TO ME ASAP. PLEASE DATE THE FORMS 06-09-2008.



IT'S VERY IMPORTANT.

ATTACHED TO THIS EMAIL MESSAGE WERE SEVEN DOCUMENTS RELATED TO THE ASSOCIATED PERSON'S RELATIONSHIP WITH LEGEND, INCLUDING HIS INDEPENDENT CONTRACTOR AGREEMENT, COMMISSION SCHEDULE, AND COMPLIANCE FORMS.

THE ASSOCIATED PERSON COMPLIED WITH THE PRESIDENT'S REQUEST. THE DATE THAT THE PRESIDENT DIRECTED THE ASSOCIATED PERSON TO USE WHEN SIGNING THE DOCUMENTS, JUNE 9, 2008, CORRESPONDED TO THE DATE THE ASSOCIATED PERSON BECAME A REGISTERED REPRESENTATIVE AT LEGEND.

ON JUNE 2, 2009, THE PRESIDENT PROVIDED THE ASSOCIATED PERSON'S PERSONNEL FILE, INCLUDING ALL THE DOCUMENTS THAT THE ASSOCIATED PERSON HAD SIGNED THE PREVIOUS WEEK, TO THE BDIP STAFF. THE PRESIDENT DID NOT DISCLOSE TO THE BDIP STAFF THE CIRCUMSTANCES SURROUNDING THE BACK-DATING OF THE DOCUMENTS.

LEGEND FAILED TO MAKE AND KEEP CURRENT, TRUE AND COMPLETE RECORDS OF ALL AGREEMENTS BETWEEN IT AND THE ASSOCIATED PERSON AND ALSO FAILED TO FURNISH PROMPTLY SUCH RECORDS WHEN REQUESTED TO DO SO BY THE BDIP STAFF.

LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER REQUIRE THAT BROKERS OR DEALERS MAKE AND KEEP CURRENT VARIOUS RECORDS RELATING TO ITS BUSINESS AND PRESERVE THOSE RECORDS FOR SPECIFIED PERIODS OF TIME. LEGEND FAILED TO MAKE AND KEEP CURRENT RECORDS RELATED TO THE ASSOCIATED PERSON'S EMPLOYMENT AND COMPENSATION. LEGEND ALSO FAILED TO FURNISH PROMPTLY TRUE, COMPLETE AND CURRENT COPIES OF SUCH RECORDS WHEN REQUESTED TO DO SO BY REPRESENTATIVES OF THE COMMISSION.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	05/16/2011
Docket/Case Number:	3-14389
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist



Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/16/2011

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
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFERS"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER").

THE COMMISSION FOUND THAT LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER.

THE COMMISSION DEEMS IT APPROPRIATE, AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT LEGEND'S OFFER.

PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THE COMMISSION ORDERED THAT:

A. RESPONDENT LEGEND CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER;



B. RESPONDENT LEGEND IS CENSURED.

C. LEGEND SHALL PAY A CIVIL MONEY PENALTY OF \$50,000 TO THE UNITED STATES TREASURY.

Reporting Source: Firm

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-64502, MAY 16, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 15(B), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LEGEND SECURITIES, INC. ("LEGEND" OR "RESPONDENT"). THE COMMISSION FOUND THAT: LEGEND HAS BEEN A BROKER DEALER REGISTERED WITH THE COMMISSION PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT SINCE 1998. ON MARCH 24, 2009, COMMISSION STAFF WITH THE NEW YORK REGIONAL OFFICE'S BROKER DEALER INSPECTION PROGRAM ("BDIP STAFF") COMMENCED AN EXAMINATION OF LEGEND. IN CONNECTION WITH THE EXAMINATION, BDIP STAFF REQUESTED THAT LEGEND PROVIDE VARIOUS RECORDS, INCLUDING CERTAIN RECORDS CONCERNING LEGEND EMPLOYEES. LEGEND'S PRESIDENT AND CHIEF COMPLIANCE OFFICER ("PRESIDENT") PRODUCED THE DOCUMENTS ON LEGEND'S BEHALF IN RESPONSE TO THE EXAMINATION STAFF'S REQUEST. THE RECORDS THE PRESIDENT PRODUCED DID NOT INCLUDE CERTAIN REQUESTED DOCUMENTS FOR ONE ASSOCIATED PERSON OF LEGEND ("ASSOCIATED PERSON"). ON MAY 4, 2009, BDIP STAFF REQUESTED THE PERSONNEL FILE FOR THE ASSOCIATED PERSON. AFTER NOT RECEIVING ANY DOCUMENTS IN RESPONSE, BDIP STAFF REITERATED THIS REQUEST ON MULTIPLE OCCASIONS BETWEEN MAY 4 AND MAY 22, 2009. ON MAY 26, 2009, THE PRESIDENT SENT THE ASSOCIATED PERSON AN ELECTRONIC MAIL MESSAGE IN WHICH HE WROTE: I'M GOING THRU (SIC) MY EMPLOYEE FILES FOR THE SEC AUDIT AND REALIZED THAT I DON'T HAVE ALL OF THE OTHER EMPLOYMENT/REGISTRATION FORMS FOR YOU. I ONLY HAVE YOUR FORM U4. I HAVE ATTACHED THE FORMS THAT I NEED YOU TO COMPLETE, SIGN AND FAX BACK TO ME ASAP. PLEASE DATE THE FORMS 06-09-2008. IT'S VERY IMPORTANT. ATTACHED TO THIS EMAIL MESSAGE WERE SEVEN DOCUMENTS RELATED TO THE ASSOCIATED PERSON'S RELATIONSHIP WITH LEGEND, INCLUDING HIS INDEPENDENT CONTRACTOR AGREEMENT, COMMISSION SCHEDULE, AND COMPLIANCE FORMS. THE ASSOCIATED PERSON COMPLIED WITH THE PRESIDENT'S REQUEST. THE DATE THAT THE PRESIDENT DIRECTED THE ASSOCIATED PERSON TO USE WHEN SIGNING THE DOCUMENTS, JUNE 9, 2008, CORRESPONDED TO THE DATE



THE ASSOCIATED PERSON BECAME A REGISTERED REPRESENTATIVE AT LEGEND. ON JUNE 2, 2009, THE PRESIDENT PROVIDED THE ASSOCIATED PERSON'S PERSONNEL FILE, INCLUDING ALL THE DOCUMENTS THAT THE ASSOCIATED PERSON HAD SIGNED THE PREVIOUS WEEK, TO THE BDIP STAFF. THE PRESIDENT DID NOT DISCLOSE TO THE BDIP STAFF THE CIRCUMSTANCES SURROUNDING THE BACK-DATING OF THE DOCUMENTS. LEGEND FAILED TO MAKE AND KEEP CURRENT, TRUE AND COMPLETE RECORDS OF ALL AGREEMENTS BETWEEN IT AND THE ASSOCIATED PERSON AND ALSO FAILED TO FURNISH PROMPTLY SUCH RECORDS WHEN REQUESTED TO DO SO BY THE BDIP STAFF. LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER REQUIRE THAT BROKERS OR DEALERS MAKE AND KEEP CURRENT VARIOUS RECORDS RELATING TO ITS BUSINESS AND PRESERVE THOSE RECORDS FOR SPECIFIED PERIODS OF TIME. LEGEND FAILED TO MAKE AND KEEP CURRENT RECORDS RELATED TO THE ASSOCIATED PERSON'S EMPLOYMENT AND COMPENSATION. LEGEND ALSO FAILED TO FURNISH PROMPTLY TRUE, COMPLETE AND CURRENT COPIES OF SUCH RECORDS WHEN REQUESTED TO DO SO BY REPRESENTATIVES OF THE COMMISSION.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	05/16/2011
Docket/Case Number:	3-14389
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	05/16/2011
Sanctions Ordered:	Censure Monetary/Fine \$50,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFERS"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE



PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER"). THE COMMISSION FOUND THAT LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. THE COMMISSION DEEMS IT APPROPRIATE, AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT LEGEND'S OFFER. PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THE COMMISSION ORDERED THAT:

A. RESPONDENT LEGEND CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER;

B. RESPONDENT LEGEND IS CENSURED. C. LEGEND SHALL PAY A CIVIL MONEY PENALTY OF \$50,000 TO THE UNITED STATES TREASURY.

Disclosure 22 of 22

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.
Initiated By:	FINRA
Date Initiated:	04/12/2010
Docket/Case Number:	2008013976601
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: 04/12/2010

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: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010

Docket/Case Number: 2008013976601

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: 04/12/2010

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.



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 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	01/10/2014
Case Number:	13-03347
Disputed Product Type:	COMMON STOCK; OPTIONS
Sum of All Relief Requested:	\$100,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/25/2015
Sum of All Relief Awarded:	\$0.00

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 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	06/04/2014



Case Number: 14-01705

Disputed Product Type: COMMON STOCK; OPTIONS

Sum of All Relief Requested: \$453,588.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 07/08/2015

Sum of All Relief Awarded: \$61,866.75

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

Disclosure 3 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; TRADING DISPUTES-MARK-UPS

Arbitration Forum: FINRA

Case Initiated: 04/10/2015

Case Number: 15-00802

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$150,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/25/2019

Sum of All Relief Awarded: \$967,008.15

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

Disclosure 4 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION



Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 05/06/2015

Case Number: 15-00994

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$250,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/16/2016

Sum of All Relief Awarded: \$80,600.00

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

Disclosure 5 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; OTHER-OTHER

Arbitration Forum: FINRA

Case Initiated: 06/18/2015

Case Number: 15-01041

Disputed Product Type: OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$160,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/25/2016

Sum of All Relief Awarded: \$161,034.92

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



Disclosure 6 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/01/2016
Case Number:	16-00506
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$67,500.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/12/2016
Sum of All Relief Awarded:	\$50,000.00

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

Disclosure 7 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/04/2016
Case Number:	16-00514
Disputed Product Type:	
Sum of All Relief Requested:	\$1,000,000.00
Disposition:	AWARD AGAINST PARTY



Disposition Date: 02/15/2018

Sum of All Relief Awarded: \$181,970.01

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

Disclosure 8 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD;
ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE
TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 06/02/2016

Case Number: 16-01307

Disputed Product Type: OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$35,943.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/05/2016

Sum of All Relief Awarded: \$52,479.50

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

Disclosure 9 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-
CHURNING; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-SUITABILITY;
ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE
TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 06/06/2016

Case Number: 16-01492

**Disputed Product Type:****Sum of All Relief Requested:** \$1,029,409.82**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 07/14/2017**Sum of All Relief Awarded:** \$86,584.16

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

Disclosure 10 of 14**Reporting Source:** Regulator**Type of Event:** ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA**Case Initiated:** 02/27/2017**Case Number:** 17-00452**Disputed Product Type:** COMMON STOCK; OTHER TYPES OF SECURITIES; PREFERRED STOCK; PRIVATE EQUITIES**Sum of All Relief Requested:** \$95,000.00**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 07/20/2018**Sum of All Relief Awarded:** \$48,266.21

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

Disclosure 11 of 14**Reporting Source:** Regulator**Type of Event:** ARBITRATION

Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION



OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-MARGIN CALLS

Arbitration Forum: FINRA

Case Initiated: 04/20/2017

Case Number: 17-00910

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$375,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/23/2018

Sum of All Relief Awarded: \$1,075,000.04

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

Disclosure 12 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-ELDER ABUSE; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: FINRA

Case Initiated: 01/26/2018

Case Number: 17-03193

Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS

Sum of All Relief Requested: \$64,860.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/14/2019

Sum of All Relief Awarded: \$67,360.99

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

Disclosure 13 of 14

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

Arbitration Forum: FINRA

Case Initiated: 01/11/2019

Case Number: 19-00102

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$110,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/07/2020

Sum of All Relief Awarded: \$100,913.01

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

Disclosure 14 of 14

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-ELDER ABUSE; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

Arbitration Forum: FINRA

Case Initiated: 07/25/2019

Case Number: 19-01881

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$30,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/27/2019



Sum of All Relief Awarded: \$30,600.00

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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