

BrokerCheck Report

DAVID LERNER ASSOCIATES, INC.

CRD# 5397

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About BrokerCheck®



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

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

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



DAVID LERNER ASSOCIATES, INC.

CRD# 5397

SEC# 8-20746

Main Office Location

477 JERICHO TPKE
P.O.BOX 9006
SYOSSET, NY 11791-9006
Regulated by FINRA Long Island Office

Mailing Address

477 JERICHO TPKE
P.O.BOX 9006
SYOSSET, NY 11791-9006

Business Telephone Number

(516) 921-4200

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 11/06/1975.

Its fiscal year ends in December.

Firm History

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

Firm Operations

This firm is registered with:

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

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

This firm conducts 14 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	21
Arbitration	17



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 11/06/1975.

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.

DAVID LERNER ASSOCIATES, INC.

Doing business as DAVID LERNER ASSOCIATES, INC.

CRD# 5397

SEC# 8-20746

Main Office Location

477 JERICHO TPKE
P.O.BOX 9006
SYOSSET, NY 11791-9006

Regulated by FINRA Long Island Office

Mailing Address

477 JERICHO TPKE
P.O.BOX 9006
SYOSSET, NY 11791-9006

Business Telephone Number

(516) 921-4200



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): LERNER, DAVID
307120

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

Position SHAREHOLDER

Position Start Date 11/1975

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CHIN, AMALIA O
1647359

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

Position ACTING CHIEF COMPLIANCE OFFICER

Position Start Date 08/2019

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CURRAN, JAMES EDWARD
2870558

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

Position FINOP

Firm Profile**Direct Owners and Executive Officers (continued)**

Position Start Date	04/2016
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any): WALCOE, MARTIN KEVIN
1593935

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

Position PRESIDENT

Position Start Date 07/2019

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Firm Profile

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



Indirect Owners

No information reported.

Firm History

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

No information reported.





Firm Operations

Registrations

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

This firm is currently registered with the SEC, 1 SRO and 48 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	10/22/1976

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	10/15/1970



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alaska	Approved	01/23/1986	Oklahoma	Approved	10/06/1988
Arizona	Approved	04/05/1991	Oregon	Approved	01/27/2003
Arkansas	Approved	08/13/2002	Pennsylvania	Approved	05/20/1983
California	Approved	05/09/1983	Puerto Rico	Approved	10/10/2000
Colorado	Approved	01/16/1986	Rhode Island	Approved	04/17/1986
Connecticut	Approved	10/19/1982	South Carolina	Approved	07/07/1988
Delaware	Approved	04/23/1986	Tennessee	Approved	09/11/1990
District of Columbia	Approved	05/14/1986	Texas	Approved	08/28/1996
Florida	Approved	08/31/1983	Utah	Approved	05/20/2014
Georgia	Approved	05/14/1986	Vermont	Approved	01/21/1986
Hawaii	Approved	05/06/2011	Virginia	Approved	05/22/1986
Idaho	Approved	10/02/2019	Washington	Approved	01/14/2000
Illinois	Approved	08/10/1983	West Virginia	Approved	06/29/1988
Indiana	Approved	05/30/2003	Wisconsin	Approved	05/02/1996
Iowa	Approved	11/28/2012	Wyoming	Approved	11/30/1999
Kansas	Approved	01/03/2000			
Kentucky	Approved	02/09/1994			
Louisiana	Approved	02/23/2000			
Maine	Approved	01/07/1986			
Maryland	Approved	06/03/1986			
Massachusetts	Approved	10/24/1983			
Michigan	Approved	04/09/1998			
Minnesota	Approved	03/29/2005			
Mississippi	Approved	06/13/2003			
Missouri	Approved	02/13/2003			
Montana	Approved	05/21/2002			
Nevada	Approved	01/20/1989			
New Hampshire	Approved	01/01/1986			
New Jersey	Approved	07/13/1983			
New Mexico	Approved	03/29/2000			
New York	Approved	02/04/1983			
North Carolina	Approved	02/06/1986			
Ohio	Approved	01/30/1986			



Firm Operations

Types of Business

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

This firm currently conducts 14 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Mutual fund underwriter or sponsor

Mutual fund retailer

U S. government securities dealer

U S. government securities broker

Municipal securities dealer

Municipal securities broker

Broker or dealer selling variable life insurance or annuities

Broker or dealer selling oil and gas interests

Investment advisory services

Trading securities for own account

Private placements of securities

Other - 12Z: THE FIRM'S AGREEMENT WITH THE NASD'S DISTRICT COMMITTEE FOR DISTRICT NO. 10 (RESTRICTION AGREEMENT), AS OF NOVEMBER 16, 1992 CONTAINED A PROVISION (ITEM 1. 1X) PERMITTING THE FIRM TO CONDUCT BUSINESS IN REGISTERED "BEST EFFORTS" UNDERWRITINGS. AS A R

Other Types of Business

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

This firm does not engage in other non-securities business.

Non-Securities Business Description:

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 have books or records maintained by a third party.

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CENTER
 NEW YORK, NY 10281
Effective Date: 11/17/2017
Description: FULLY DISCLOSED CORRESPONDENT CLEARING SERVICES INCLUDING BOOKS AND RECORDS MAINTAINED BY RBC

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

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CENTER
 NEW YORK, NY 10281
Effective Date: 11/17/2017
Description: FULLY DISCLOSED CORRESPONDENT CLEARING SERVICES INCLUDING ACCOUNTS, FUNDS OR SECURITIES MAINTAINED BY RBC

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

Name: RBC CAPITAL MARKETS, LLC
CRD #: 31194
Business Address: 3 WORLD FINANCIAL CENTER
 NEW YORK, NY 10281
Effective Date: 11/17/2017
Description: FULLY DISCLOSED CORRESPONDENT CLEARING SERVICES INCLUDING ACCOUNTS, FUNDS OR SECURITIES OF CUSTOMERS MAINTAINED BY RBC

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.

SPIRIT OF AMERICA MANAGEMENT CORP is under common control with the firm.

CRD #:	110023
Business Address:	477 JERICHO TURNPIKE SYOSSET, NY 11791
Effective Date:	05/16/1997
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	COMMON CONTROL

GREAT ART FUND III LLC is under common control with the firm.

Business Address:	1105 N. MARKET ST. SUITE 1300 WILMINGTON, DE 19801
Effective Date:	11/16/2011
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	No
Description:	DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND VII LLC is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

Business Address: 1105 N. MARKET ST., SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND VI LLC is under common control with the firm.

Business Address: 1105 N. MARKET ST., SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND V LLC is under common control with the firm.

Business Address: 1105 N. MARKET STREET, SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A

Firm Operations**Organization Affiliates (continued)**

CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND IV LLC is under common control with the firm.

Business Address: 1105 N. MARKET ST., SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND II LLC is under common control with the firm.

Business Address: 1105 N. MARKET ST., SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

GREAT ART FUND LLC is under common control with the firm.

Business Address: 1105 N. MARKET ST., SUITE 1300
WILMINGTON, DE 19801

Effective Date: 11/16/2011

Foreign Entity: No

Country:

Securities Activities: No

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: DAVID LERNER, A DIRECTOR OF DAVID LERNER ASSOCIATES, INC., IS A CONTROL PERSON OF THE AFFILIATE.

SPIRIT OF AMERICA MANAGEMENT CORP is under common control with the firm.

Business Address: 477 JERICHO TURNPIKE
P.O.BOX 9006
SYOSSET, NY 11791-9006

Effective Date: 08/06/1997

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH APPLICANT AND SPIRIT OF AMERICA MANAGEMENT CORP ARE 100% OWNED BY DAVID LERNER, CRD #307120

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	21	0
Arbitration	N/A	17	N/A

Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 21

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 TIMELY FILE THE AMENDMENTS TO FORM U4 AND FORM U5 THAT THE FIRM SUBMITTED TO FINRA. THE FINDINGS STATED THAT THE FIRM WAS INFORMED OF ITS FILING DEFICIENCIES BY FINRA, AS PART OF FINRA'S CYCLE EXAMINATION OF THE FIRM, BUT IT CONTINUED TO SUBMIT FORM U4 AND FORM U5 AMENDMENTS ON AN UNTIMELY BASIS. ADDITIONALLY, THE FIRM COMPLETELY FAILED TO FILE FORM U4 AMENDMENTS TO DISCLOSE FOUR WRITTEN CUSTOMER COMPLAINTS ALLEGING SALES PRACTICE VIOLATIONS AND FAILED TO TIMELY FILE INITIAL FORMS U5 TO REPORT THAT THE FIRM HAD TERMINATED THE REGISTRATION OF 14 REPRESENTATIVES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TWO SECURITIES-RELATED ARBITRATIONS BROUGHT BY CUSTOMERS THAT RESULTED IN SETTLEMENTS IN AMOUNTS EXCEEDING \$25,000. ADDITIONALLY, THE FIRM FAILED TO TIMELY REPORT STATISTICAL AND SUMMARY INFORMATION REGARDING 17 WRITTEN CUSTOMER COMPLAINTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS OBLIGATION TO REPORT INFORMATION TO FINRA ON FORMS U4 AND U5 AND AS REQUIRED UNDER FINRA RULES 1122 AND 4530. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) GENERALLY REQUIRED IT TO TIMELY SUBMIT REGULATORY FILINGS, INCLUDING FORM U4 AND U5 AMENDMENTS AND FILINGS PURSUANT TO FINRA RULE 4530. THE FIRM DID NOT, HOWEVER, ADOPT ANY SPECIFIC WRITTEN PROCEDURES FOR THE COLLECTION AND SUBMISSION OF INFORMATION REQUIRED ON THE FORM U4 OR FORM U5 UNTIL APPROXIMATELY 2015. FURTHER, THE FIRM LACKED PROCEDURES FOR SUPERVISING WHETHER FORM U4 AND FORM U5 AMENDMENTS REGARDING CUSTOMER ARBITRATIONS AGAINST THE FIRM OR ITS REGISTERED REPRESENTATIVES WERE SUBMITTED ON A TIMELY BASIS. THE FIRM ALSO LACKED PROCEDURES FOR SUPERVISING WHETHER STATISTICAL AND SUMMARY INFORMATION REGARDING WRITTEN CUSTOMER COMPLAINTS WAS TIMELY REPORTED TO FINRA AS REQUIRED UNDER FINRA RULE 4530. CONSEQUENTLY, THE FIRM REPEATEDLY FAILED TO SUBMIT ITS REGULATORY FILINGS ON A TIMELY BASIS. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION T. PRIOR TO APPROXIMATELY 2014, THE FIRM LACKED ANY WRITTEN PROCEDURES FOR FILING AND SUPERVISING EXTENSION REQUESTS UNDER REGULATION T. AFTER ADOPTING WRITTEN PROCEDURES REGARDING REGULATION T IN 2014, THE FIRM FAILED TO TAKE ADEQUATE STEPS TO ENSURE THAT ITS EMPLOYEES, INCLUDING THOSE RESPONSIBLE FOR FILING REGULATION T EXTENSION REQUESTS, REVIEWED AND UNDERSTOOD THE PROCEDURES. THROUGHOUT THE RELEVANT PERIOD, THE FIRM LACKED ADEQUATE PROCEDURES FOR



COMPLIANCE WITH THE REQUIREMENT THAT EACH CUSTOMER IS LIMITED TO FIVE REGULATION T EXTENSION REQUESTS PER YEAR. THE FIRM'S PROCEDURES FOR CONDUCTING SUPERVISORY REVIEWS FOR COMPLIANCE WITH REGULATION T WERE ALSO DEFICIENT. ALTHOUGH THE FIRM'S WRITTEN PROCEDURES REGARDING REGULATION T, ADOPTED IN APPROXIMATELY 2014, REQUIRED A DESIGNATED SUPERVISOR TO MONITOR REG T EXTENSIONS OF CREDIT, THE PROCEDURES FAILED TO DESCRIBE HOW SUPERVISORS WERE TO MONITOR FOR COMPLIANCE WITH REGULATION T. IN PRACTICE, NO FIRM SUPERVISOR REVIEWED EXTENSION REQUESTS BEFORE OR AFTER THE REQUESTS WERE FILED. AS A RESULT, THE FIRM DID NOT DETECT ERRONEOUS INFORMATION ENTERED ON EXTENSION REQUESTS, INCLUDING ERRORS THAT RESULTED IN A CUSTOMER EXCEEDING THE ANNUAL LIMIT OF EXTENSION REQUESTS. FURTHER, THROUGHOUT THE RELEVANT PERIOD, THE FIRM LACKED PROCEDURES FOR MONITORING EXTENSION REQUESTS BY EACH CUSTOMER TO DETECT WHETHER CUSTOMERS MAY HAVE EXCEEDED THE ANNUAL LIMIT OF REQUESTS. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN PROCEDURES FOR IMPOSING A 90-DAY FREEZE ON EXTENSIONS OF CREDIT TO CUSTOMERS WHO SOLD SECURITIES WITHOUT HAVING PAID FOR THEM AS REQUIRED UNDER SUBPART (C) OF REGULATION T.

Initiated By: FINRA

Date Initiated: 11/02/2017

Docket/Case Number: [2015046295201](#)

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: 11/02/2017

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 \$75,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED \$75,000. FINES PAID IN FULL ON NOVEMBER 13, 2017.

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 FILE THE AMENDMENTS TO FORM U4 AND FORM U5 THAT THE FIRM SUBMITTED TO FINRA. THE FINDINGS STATED THAT THE FIRM WAS INFORMED OF ITS FILING DEFICIENCIES BY FINRA, AS PART OF FINRA'S CYCLE EXAMINATION OF THE FIRM, BUT IT CONTINUED TO SUBMIT FORM U4 AND FORM U5 AMENDMENTS ON AN UNTIMELY BASIS. ADDITIONALLY, THE FIRM COMPLETELY FAILED TO FILE FORM U4 AMENDMENTS TO DISCLOSE FOUR WRITTEN CUSTOMER COMPLAINTS ALLEGING SALES PRACTICE VIOLATIONS AND FAILED TO TIMELY FILE INITIAL FORMS U5 TO REPORT THAT THE FIRM HAD TERMINATED THE REGISTRATION OF 14 REPRESENTATIVES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TWO SECURITIES RELATED ARBITRATIONS BROUGHT BY CUSTOMERS THAT RESULTED IN SETTLEMENTS IN AMOUNTS EXCEEDING \$25,000. ADDITIONALLY, THE FIRM FAILED TO TIMELY REPORT STATISTICAL AND SUMMARY INFORMATION REGARDING 17 WRITTEN CUSTOMER COMPLAINTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS OBLIGATION TO REPORT INFORMATION ON FORMS U4 AND U5 AS REQUIRED UNDER FINRA RULES 1122 AND 4530. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) GENERALLY REQUIRED IT TO TIMELY SUBMIT REGULATORY FILINGS, INCLUDING FORM U4 AND U5 AMENDMENTS AND FILINGS PURSUANT TO FINRA RULE 4530. THE FIRM DID NOT, HOWEVER, ADOPT SPECIFIC WRITTEN PROCEDURES FOR THE COLLECTION AND SUBMISSION OF INFORMATION REQUIRED ON FORM U4 OR FORM U5 UNTIL APPROXIMATELY 2015. FURTHER, THE FIRM LACKED PROCEDURES FOR SUPERVISING WHETHER FORM U4 AND FORM U5 AMENDMENTS REGARDING CUSTOMER ARBITRATIONS AGAINST THE FIRM OR ITS REGISTERED REPRESENTATIVES WERE SUBMITTED ON A TIMELY BASIS. THE FIRM ALSO LACKED PROCEDURES FOR SUPERVISING WHETHER STATISTICAL AND SUMMARY INFORMATION REGARDING WRITTEN CUSTOMER COMPLAINTS WAS TIMELY REPORTED TO FINRA AS REQUIRED UNDER FINRA RULE 4530. CONSEQUENTLY, THE FIRM REPEATEDLY FAILED TO SUBMIT ITS REGULATORY FILINGS ON A TIMELY BASIS. FINRA FOUND



THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION T. PRIOR TO APPROXIMATELY 2014. THE FIRM LACKED ANY WRITTEN PROCEDURES FOR FILING AND SUPERVISING EXTENSION REQUESTS UNDER REGULATION T. AFTER ADOPTING WRITTEN PROCEDURES REGARDING REGULATION T. IN 2014, THE FIRM FAILED TO TAKE STEPS TO ENSURE THAT ITS EMPLOYEES, INCLUDING THOSE RESPONSIBLE FOR FILING REGULATION T EXTENSION REQUESTS, REVIEWED AND UNDERSTOOD THE PROCEDURES. THROUGHOUT THE RELEVANT PERIOD, THE FIRM LACKED ADEQUATE PROCEDURES FOR COMPLIANCE WITH THE REQUIREMENT THAT EACH CUSTOMER IS LIMITED TO FIVE REGULATION T EXTENSIONS PER YEAR. THE FIRM'S PROCEDURES FOR CONDUCTING SUPERVISORY REVIEWS FOR COMPLIANCE WITH REGULATION T WERE ALSO DEFICIENT. ALTHOUGH THE FIRM'S WRITTEN PROCEDURES REGARDING REGULATION T, ADOPTED IN APPROXIMATELY 2014, REQUIRED A DESIGNATED SUPERVISOR TO MONITOR REG T EXTENSION OF CREDIT, THE PROCEDURES FAILED TO DESCRIBE HOW SUPERVISORS WERE TO MONITOR FOR COMPLIANCE WITH REGULATION T. IN PRACTICE, NO FIRM SUPERVISOR REVIEWED EXTENSION REQUESTS BEFORE OR AFTER THE REQUESTS WERE FILED. AS A RESULT, THE FIRM DID NOT DETECT ERRONEOUS INFORMATION ENTERED ON EXTENSION REQUESTS, INCLUDING ERRORS THAT RESULTED IN A CUSTOMER EXCEEDING THE ANNUAL LIMIT OF EXTENSION REQUESTS. FURTHER, THROUGHOUT THE RELEVANT PERIOD, THE FIRM LACKED PROCEDURES FOR MONITORING EXTENSION REQUESTS BY EACH CUSTOMER TO DETECT WHETHER CUSTOMERS MAY HAVE EXCEEDED THE ANNUAL LIMIT OF REQUESTS. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN PROCEDURES FOR IMPOSING A 90-DAY FREEZE ON EXTENSIONS OF CREDIT TO CUSTOMERS WHO SOLD SECURITIES WITHOUT HAVING PAID FOR THEM AS REQUIRED UNDER SUBPART (C) OF REGULATION T.

Initiated By: FINRA

Date Initiated: 11/02/2017

Docket/Case Number: [2015046295201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date:	11/02/2017
Sanctions Ordered:	Censure Monetary/Fine \$75,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$75,000. PAYMENT WAS MADE 11/10/2017.
Firm Statement	THE FIRM WAS CENSURED AND FINED \$75,000.

Disclosure 2 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	DLA DID NOT FOLLOW ITS OWN COMPLIANCE REQUIREMENTS FOR THE SALE OF NON-TRADED REITS. DLA AGENTS SOLD THE THREE APPLE REITS IN VIOLATION OF PROSPECTUS SUITABILITY STANDARDS. DLA SUPERVISORS APPROVED SALES OF THE THREE APPLE REITS TO INVESTORS WHO DID NOT SATISFY THE PROSPECTUS SUITABILITY STANDARDS. DLA VIOLATED NUMEROUS BOOKS AND RECORDS REQUIREMENTS IN CONNECTION WITH THE SALE OF THE THREE APPLE REITS.
Initiated By:	NEW JERSEY BUREAU OF SECURITIES
Date Initiated:	05/24/2017
Docket/Case Number:	N/A
URL for Regulatory Action:	HTTP://WWW.NJCONSUMERAFFAIRS.GOV/ACTIONS/DAVID_LERNER_CONSENT_24MAY2017.PDF
Principal Product Type:	Other
Other Product Type(s):	REITS
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	05/24/2017



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 \$700,000.00
Other Sanctions Ordered:	OF THE \$700,000 CIVIL MONETARY PENALTY, TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) IS PERMANENTLY SUSPENDED FOR DLA'S SUBSTANTIAL COOPERATION WITH THE BUREAU INVESTIGATION. DLA IS ASSESSED ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) IN COSTS; AND DLA SHALL PAY FIFTY THOUSAND DOLLARS (\$50,000.00) WHICH SHALL BE PLACED IN A FUND TO BE USED FOR THE BUREAU'S INVESTOR EDUCATION PROGRAM.
Sanction Details:	DLA'S FAILURE TO ENSURE THAT THE INVESTORS SATISFIED THE THREE APPLE REITS' PROSPECTUS SUITABILITY STANDARDS VIOLATED DLA'S OWN POLICIES AND PROCEDURES AND CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI). DLA'S CONDUCT DESCRIBED ABOVE CONSTITUTES A FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS PURSUANT TO N.J.S.A. 49:3-59(B). PURSUANT TO N.J.S.A. 49:3-70.1, THE VIOLATIONS DESCRIBED ABOVE CONSTITUTE A BASIS FOR THE ASSESSMENT OF AN ADMINISTRATIVE PENALTY AGAINST DLA.
Regulator Statement	DLA HAS MADE CERTAIN REPRESENTATIONS AND HAS PROVIDED CERTAIN FINDINGS AND RELATED INFORMATION AND DOCUMENTATION RELATING TO ITS OFFER AND SALE OF APPLE 7, APPLE 8 AND APPLE 9 INCLUDING THE IDENTIFICATION OF CERTAIN ACCOUNTS THAT EITHER DID NOT MEET THE PROSPECTUS ELIGIBILITY REQUIREMENTS AT THE TIME OF THE SALE OF THE REITS OR FOR WHICH DLA IS UNABLE TO DEMONSTRATE THAT THE ACCOUNTS MET THE ELIGIBILITY REQUIREMENTS AT THE TIME OF SALE.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	DLA DID NOT FOLLOW ITS OWN COMPLIANCE REQUIREMENTS FOR THE SALE OF NON-TRADED REITS. DLA AGENTS SOLD THREE APPLE REITS IN VIOLATION OF PROSPECTUS SUITABILITY STANDARDS. DLA SUPERVISORS APPROVED SALES OF THE THREE APPLE REITS TO INVESTORS WHO DID NOT SATISFY THE PROSPECTUS SUITABILITY STANDARDS. DLA VIOLATED NUMEROUS BOOKS AND RECORDS REQUIREMENTS IN CONNECTION WITH THE SALE OF THE THREE APPLE REITS.



Initiated By: NEW JERSEY BUREAU OF SECURITIES

Date Initiated: 05/24/2017

Docket/Case Number: N/A

Principal Product Type: Other

Other Product Type(s): REITS

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 05/25/2017

Sanctions Ordered: Monetary/Fine \$700,000.00

Other Sanctions Ordered: OF THE \$700,000 CIVIL MONETARY PENALTY, TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) IS PERMANENTLY SUSPENDED FOR DLA'S SUBSTANTIAL COOPERATION WITH THE BUREAU INVESTIGATION. DLA IS ASSESSED ONE HUNDRED THOUSAND DOLLARS (\$100,000.00)IN COSTS; AND DLA SHALL PAY FIFTY THOUSAND DOLLARS (\$50,000.00)WHICH SHALL BE PLACED IN A FUND TO BE USED FOR THE BUREAU'S INVESTOR EDUCATION PROGRAM.

Sanction Details: DLA'S FAILURE TO ENSURE THAT THE INVESTORS SATISFIED THE THREE APPLE REITS PROSPECTUS SUITABILITY STANDARDS VIOLATED DLA'S OWN POLICIES AND PROCEDURES AND CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3 - 58(A)(2)(XI). DLA'S CONDUCT DESCRIBED ABOVE CONSTITUTES A FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS PURSUANT TO N.J.S.A 49:3-59(B). PURSUANT TO N.J.S.A 49:3-70.1, THE VIOLATIONS DESCRIBED ABOVE CONSTITUTE A BASIS FOR THE ASSESSMENT OF AN ADMINISTRATIVE PENALTY AGAINST DLA.

Firm Statement DLA RESOLVED THIS MATTER WHICH PERTAINS TO APPLE REIT 7, 8 AND 9 SALES TO CERTAIN NEW JERSEY ACCOUNTS DURING THE 2006-2010 TIME FRAME. DLA CONDUCTED ITS OWN INTERNAL INVESTIGATION AND REPORTED THE RESULTS OF ITS INVESTIGATION TO AND OTHERWISE PROVIDED SUBSTANTIAL ASSISTANCE TO THE NEW JERSEY BUREAU OF SECURITIES REGARDING CERTAIN RECORD KEEPING AND SUPERVISORY ISSUES DLA IDENTIFIED. SINCE THE TIME PERIOD IN QUESTION, DLA HAD UPDATED AND AUGMENTED ITS EXISTING REIT SALES PROCEDURES AND REQUIREMENTS AND HAS ENHANCED ITS OPERATIONAL AND SUPERVISORY REVIEW RELATING TO THE SALE OF ALL ILLIQUID



PRODUCTS. THE OVERWHELMING MAJORITY OF NEW JERSEY ACCOUNTS THAT INVESTED IN APPLE 7, 8 AND 9 REALIZED POSITIVE RETURNS ON THEIR INVESTMENT AND THE SMALL HANDFUL THAT DID NOT HAVE BEEN VOLUNTARILY MADE WHOLE BY DLA. THE FIRM AGREED TO RESOLVE THIS MATTER WITHOUT ADMITTING OR DENYING THE BUREAU'S ALLEGATIONS.

Disclosure 3 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	N/A
Initiated By:	FLORIDA OFFICE OF FINANCIAL REGULATION
Date Initiated:	03/03/2017
Docket/Case Number:	57603-S
URL for Regulatory Action:	
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	03/03/2017
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 \$20,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	N/A
Sanction Details:	3/3/2017 - \$20,000 ADMINISTRATIVE FINE PAID IN FULL.
Regulator Statement	ON MARCH 3, 2017, THE OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER AGAINST



DAVID LERNER ASSOCIATES, INC., ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF DAVID LERNER ASSOCIATES, INC. DAVID LERNER ASSOCIATES, INC., NEITHER ADMITS NEITHER ADMITS NOR DENIES THE FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT DAVID LERNER ASSOCIATES, INC., FAILED TO MAINTAIN WRITTEN REPORTS EVIDENCING PRIOR BRANCH OFFICE EXAMINATIONS, DISCOVER THAT THE BRANCH OFFICE SUPERVISOR DID NOT INITIAL WRITTEN CORRESPONDENCE EVIDENCING HIS REVIEW OF THE PRIOR BRANCH OFFICE EXAMINATION, ENFORCE CERTAIN WRITTEN SUPERVISORY PROCEDURES RELATING TO PRIOR BRANCH OFFICE EXAMINATION REPORTS AND PROVIDE A SIGNED, WRITTEN REPORT DESCRIBING THE FIRM'S TESTING OF WRITTEN SUPERVISORY PROCEDURES, AS WELL AS A SIGNED CERTIFICATION BY THE FIRM'S CHIEF EXECUTIVE OFFICE. A \$20,000 ADMINISTRATIVE FINE WAS PAID.

Reporting Source: Firm

Current Status: Final

Allegations: DAVID LERNER ASSOCIATES, INC. ENTERED IN A STIPULATION AND CONSENT AGREEMENT NEITHER ADMITTING OR DENYING THE FINDINGS BY THE FLORIDA OFFICE OF FINANCIAL REGULATION'S FINDINGS THAT IT FAILED TO MAINTAIN WRITTEN REPORTS EVIDENCING PRIOR FLORIDA BRANCH OFFICE EXAMINATIONS OF 2012 AND 2013, PROVIDE A SIGNED WRITTEN REPORT DESCRIBING THE FIRM'S TESTING OF WRITTEN SUPERVISORY PROCEDURES AS WELL AS A SIGNED CERTIFICATION BY THE FIRM'S CHIEF EXECUTIVE OFFICER FOR 2012 AND DISCOVER THAT THE BRANCH OFFICE SUPERVISOR DID NOT INITIAL WRITTEN CORRESPONDENCE EVIDENCING HIS REVIEW.

Initiated By: FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 03/02/2017

Docket/Case Number: 57603-S

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 03/03/2017



Sanctions Ordered:	Monetary/Fine \$20,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	N/A
Sanction Details:	03/03/2017 - \$20000.00 ADMINISTRATIVE FINE PAID IN FULL
Firm Statement	DAVID LERNER ASSOCIATES, INC. ENTERED IN A STIPULATION AND CONSENT AGREEMENT NEITHER ADMITTING OR DENYING THE FINDINGS BY THE FLORIDA OFFICE OF FINANCIAL REGULATION'S FINDINGS THAT IT FAILED TO MAINTAIN WRITTEN REPORTS EVIDENCING PRIOR FLORIDA BRANCH OFFICE EXAMINATIONS OF 2012 AND 2013, PROVIDE A SIGNED WRITTEN REPORT DESCRIBING THE FIRM'S TESTING OF WRITTEN SUPERVISORY PROCEDURES AS WELL AS A SIGNED CERTIFICATION BY THE FIRM'S CHIEF EXECUTIVE OFFICER FOR 2012 AND DISCOVER THAT THE BRANCH OFFICE SUPERVISOR DID NOT INITIAL WRITTEN CORRESPONDENCE EVIDENCING HIS REVIEW.

Disclosure 4 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	ON OCTOBER 26, 2016, THE BANKING COMMISSIONER ENTERED A CONSENT ORDER (NO. CO-16-8184-S) WITH RESPECT TO DAVID LERNER ASSOCIATES, INC., A CONNECTICUT-REGISTERED BROKER-DEALER WITH A BRANCH OFFICE AT 1221 POST ROAD, WESTPORT, CONNECTICUT 06880. THE CONSENT ORDER ALLEGED THAT THE FIRM VIOLATED SECTION 36B-31-6F(B) OF THE REGULATIONS UNDER THE CONNECTICUT UNIFORM SECURITIES ACT BY FAILING TO FOLLOW AND ENFORCE ITS SYSTEM FOR SUPERVISING AGENT ACTIVITIES REGARDING THE PROCESSING OF CLIENT IRA DISTRIBUTIONS. THE CONSENT ORDER GREW OUT OF THE CONDUCT OF EX-AGENT MICHAEL THOMAS LOMBARDO (CRD NO. 4091665) WHO WAS BARRED BY FINRA (CASE NO. 2014040513601) FOLLOWING ALLEGATIONS THAT LOMBARDO MISAPPROPRIATED FUNDS FROM A DAVID LERNER ASSOCIATES, INC. CUSTOMER BY FORGING THE CUSTOMER'S SIGNATURE ON AN IRA DISTRIBUTION REQUEST FORM; TAKING DELIVERY OF THE IRA DISBURSEMENT CHECK; FORGING THE CUSTOMER'S SIGNATURE ON THE DISBURSEMENT CHECK; AND CONVERTING THE FUNDS TO LOMBARDO'S OWN USE. ON SEPTEMBER 11, 2014, LOMBARDO PLED GUILTY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT TO ONE COUNT OF VIOLATING 18 U.S.C. SECTION 1343 (WIRE FRAUD) (UNITED STATES V. LOMBARDO, CASE NO. 3:14-CR-00189-AVC). THE CONSENT ORDER ACKNOWLEDGED THAT DAVID LERNER ASSOCIATES, INC. HAD IMMEDIATELY TERMINATED LOMBARDO WHEN THE FIRM WAS ALERTED OF LOMBARDO'S MISCONDUCT, AND THAT THE FIRM



HAD VOLUNTARILY OFFERED EACH CLIENT AFFECTED BY LOMBARDO'S CONDUCT A FULL REFUND OF AMOUNTS MISAPPROPRIATED PLUS INTEREST.

Initiated By: CONNECTICUT

Date Initiated: 10/26/2016

Docket/Case Number: CO-16-8184-S

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CONSENT ORDER ENTERED OCTOBER 26, 2016

Resolution: Consent

Resolution Date: 10/26/2016

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: Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: THE CONSENT ORDER FINED THE FIRM \$5,000 AND DIRECTED IT TO CEASE AND DESIST FROM REGULATORY VIOLATIONS.

Sanction Details: SEE RESPONSE TO ITEM 13.B.

Reporting Source: Firm

Current Status: Final

Allegations: DAVID LERNER ASSOCIATES, INC. ENTERED INTO THE CONSENT ORDER WITHOUT ADMITTING OR DENYING THE COMMISSIONER'S ALLEGATIONS. ON OCTOBER 26, 2016, THE BANKING COMMISSIONER ENTERED A CONSENT ORDER (NO. CO-16-8184-S) WITH RESPECT TO DAVID LERNER ASSOCIATES, INC., A CONNECTICUT-REGISTERED BROKER-DEALER WITH A BRANCH OFFICE AT 1221 POST ROAD, WESTPORT, CONNECTICUT 06880. THE CONSENT ORDER ALLEGED THAT THE FIRM VIOLATED SECTION 36B-



31-6F(B) OF THE REGULATIONS UNDER THE CONNECTICUT UNIFORM SECURITIES ACT BY FAILING TO FOLLOW AND ENFORCE ITS SYSTEM FOR SUPERVISING AGENT ACTIVITIES REGARDING THE PROCESSING OF CLIENT IRA DISTRIBUTIONS. THE CONSENT ORDER GREW OUT OF THE CONDUCT OF EX-AGENT MICHAEL THOMAS LOMBARDO (CRD NO. 4091665) WHO WAS BARRED BY FINRA (CASE NO. 2014040513601) FOLLOWING ALLEGATIONS THAT LOMBARDO MISAPPROPRIATED FUNDS FROM A DAVID LERNER ASSOCIATES, INC. CUSTOMER BY FORGING THE CUSTOMER'S SIGNATURE ON AN IRA DISTRIBUTION REQUEST FORM; TAKING DELIVERY OF THE IRA DISBURSEMENT CHECK; FORGING THE CUSTOMER'S SIGNATURE ON THE DISBURSEMENT CHECK; AND CONVERTING THE FUNDS TO LOMBARDO'S OWN USE. ON SEPTEMBER 11, 2014, LOMBARDO PLED GUILTY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT TO ONE COUNT OF VIOLATING 18 U.S.C. SECTION 1343 (WIRE FRAUD) (UNITED STATES V. LOMBARDO, CASE NO. 3:14-CR-00189-AVC). THE CONSENT ORDER ACKNOWLEDGED THAT DAVID LERNER ASSOCIATES, INC. HAD IMMEDIATELY TERMINATED LOMBARDO WHEN THE FIRM WAS ALERTED OF LOMBARDO'S MISCONDUCT, AND THAT THE FIRM HAD VOLUNTARILY OFFERED EACH CLIENT AFFECTED BY LOMBARDO'S CONDUCT A FULL REFUND OF AMOUNTS MISAPPROPRIATED PLUS INTEREST.

Initiated By: CONNECTICUT

Date Initiated: 10/26/2016

Docket/Case Number: CO-16-8184-S

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CONSENT ORDER ENTERED OCTOBER 26, 2016

Resolution: Consent

Resolution Date: 10/26/2016

Sanctions Ordered: Monetary/Fine \$5,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: THE CONSENT ORDER FINED THE FIRM \$5,000 AND DIRECTED IT TO CEASE AND DESIST FROM REGULATORY VIOLATIONS.

Sanction Details: SEE RESPONSE TO ITEM 12. B.



Disclosure 5 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TRANSACTIONS TO TRACE WITHIN 15 MINUTES OF THE EXECUTION TIME.
Initiated By:	FINRA
Date Initiated:	10/12/2015
Docket/Case Number:	2014041066901
Principal Product Type:	Other
Other Product Type(s):	SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/12/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$20,000. FINE PAID IN FULL OCTOBER 30, 2015.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FAILURE TO TIMELY REPORT TO TRACE SOME SECURITIZED PRODUCT



TRANSACTIONS IN 1QTR AND 4QTR 2014

Initiated By:	FINRA
Date Initiated:	10/09/2015
Docket/Case Number:	20140410669
Principal Product Type:	Other
Other Product Type(s):	SECURITIZES PRODUCTS TRANSACTIONS REPORTING TO TRACE
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE 20,000
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/12/2015
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	CENSURE AND FINE PAID 10/22/2015
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, DAVID LERNER ASSOCIATES, INC. AGREED TO THE ACCEPTANCE, WAIVER AND CONSENT (AWC)

Disclosure 6 of 21

Reporting Source:	Firm
Current Status:	Final
Allegations:	COMMUNICATIONS WITH THE PUBLIC, FAILURE TO SUPERVISE
Initiated By:	NASD
Date Initiated:	09/28/2004
Docket/Case Number:	CAF040070
Principal Product Type:	Other
Other Product Type(s):	ADVERTISING
Principal Sanction(s)/Relief Sought:	Suspension



Other Sanction(s)/Relief Sought:

Resolution: Settled
Resolution Date: 08/25/2005
Sanctions Ordered: Monetary/Fine \$25,000.00

Other Sanctions Ordered:

Sanction Details: SUSPENDED FROM ACTING IN A PRINCIPAL CAPACITY FOR 30 DAYS, STARTING 10/03/2005 AND ENDING 11/01/2005. A MONETARY FINE OF \$25,000 WAS ORDERED, AND PAID ON 9/14/2005.

Disclosure 7 of 21

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 2010, 2310(B), NASD RULES 2210(D)(1), 2310: THE FIRM RECOMMENDED AND SOLD OVER \$442 MILLION OF A \$2 BILLION REAL ESTATE INVESTMENT TRUST (REIT) WITHOUT PERFORMING ADEQUATE DUE DILIGENCE IN VIOLATION OF ITS SUITABILITY OBLIGATIONS. THE FIRM FAILED TO CONDUCT ADEQUATE DUE DILIGENCE TO FULFILL ITS REASONABLE-BASIS SUITABILITY OBLIGATION EVEN IN LIGHT OF RED FLAGS AND AS THE SOLE UNDERWRITER OF AN ISSUER'S REIT. BASED UPON SALES AND ACCOUNT MAINTENANCE OF ALL ISSUED REITS OF THE ISSUER, THE FIRM MANAGEMENT WAS OR SHOULD HAVE BEEN AWARE OF RED FLAGS INDICATING THAT MANAGEMENT OF A REIT MAY ADOPT IMPROPER VALUATION PRACTICES AND MAY UNREASONABLY LEVERAGE THE REIT IN ORDER TO CONTINUE TO ISSUE RETURNS UNSUPPORTED BY THE REIT'S PERFORMANCE. ESPECIALLY IN LIGHT OF THESE RED FLAGS, AND THE FIRM'S ROLE AS SOLE UNDERWRITER, THE FIRM PERSONNEL DID NOT CONDUCT REASONABLE DILIGENCE TO UNDERSTAND THE POTENTIAL RISKS AND REWARDS OF THE REIT BEFORE RECOMMENDING THE SECURITY TO CUSTOMERS. THE FIRM DISTRIBUTED COMMUNICATIONS WITH THE PUBLIC THAT CONTAINED MISLEADING STATEMENTS AND OMITTED MATERIAL INFORMATION. BY PROVIDING PERFORMANCE FIGURES FOR ALL OF THE ISSUER'S REITS IN CONJUNCTION WITH THE PRESENTATION OF A REIT ON ITS WEBSITE, THE FIRM MISLEADINGLY IMPLIED THAT THE ISSUER'S REIT WOULD ACHIEVE SIMILAR RESULTS. THE PERFORMANCE FIGURES THE FIRM PROVIDED WERE FURTHER MISLEADING BECAUSE THEY MASKED REDUCTIONS IN THE DISTRIBUTIONS MADE BY SOME OF THE ISSUER'S REITS. THE FIRM FAILED TO DISCLOSE MATERIAL INFORMATION REGARDING THE ISSUER'S PRIOR REIT DISTRIBUTIONS, INCLUDING THE FACT THAT INCOME FROM



THOSE REITS WAS INSUFFICIENT TO SUPPORT THE 7-8 PERCENT RETURNS THE REITS SOUGHT TO PAY AND THAT THE REITS HAD TO BORROW FUNDS TO MEET THEIR DISTRIBUTION GOALS. THE WEBSITE MISLEADINGLY AND INACCURATELY CHARACTERIZED THE SOURCE OF THE DISTRIBUTIONS AS "NET INCOME AND A RETURN OF CAPITAL, PRIMARILY IN THE FORM OF DEPRECIATION" WHEN IN FACT THE RETURN OF CAPITAL WAS NOT PRIMARILY FROM DEPRECIATION.

Initiated By: FINRA

Date Initiated: 05/27/2011

Docket/Case Number: [2009020741901](#)

Principal Product Type: Other

Other Product Type(s): REAL ESTATE INVESTMENT TRUSTS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/22/2012

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

Sanctions Ordered: Censure
Monetary/Fine \$14,000,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKINGS AND INDEPENDENT CONSULTANT

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED, FINED \$14,000,000, REDUCED BY THE FINES AND RESTITUTION (INCLUDING INTEREST THEREON) TO BE PAID PURSUANT TO THE PANEL DECISION; AND MUST PAY RESTITUTION OF \$597,695.21 TO BE PAID TO CERTAIN ADDITIONAL CUSTOMERS WHO WERE SUBJECT TO UNFAIR PRICING PRACTICES ON MUNICIPAL BONDS IN TRADES (THE UNFAIR PRICING RESTITUTION). THE REMAINING AMOUNT (\$14,000,000 MINUS THE FINES AND RESTITUTION IMPOSED IN DISCIPLINARY PROCEEDING 20050007427 AND THE UNFAIR



PRICING RESTITUTION) (SUCH REMAINING AMOUNT HEREINAFTER THE SETTLEMENT FUND) SHALL BE DISTRIBUTED AS RESTITUTION TO CERTAIN INVESTORS IN THE REITS AS DETERMINED BY THE INDEPENDENT CONSULTANT RETAINED PURSUANT TO THE TERMS OF THIS OFFER. THE FIRM AGREES TO THE FOLLOWING UNDERTAKINGS: ADOPT PROCEDURES FOR THE SUPERVISION AND INTERNAL APPROVAL BY A REGISTERED PRINCIPAL OF ALL SEMINARS; PROVIDE TO FINRA A LOG OF EACH SEMINAR HELD DURING THE PRECEDING QUARTER, THE AUDIO RECORDING OF EACH SEMINAR ATTENDED BY MORE THAN 25 INDIVIDUALS, THE AUDIO VISUAL RECORDING OF EACH SEMINAR ATTENDED BY MORE THAN 50 INDIVIDUALS; AND FILE WITH FINRA PRIOR TO USE ALL ADVERTISEMENTS AND SALES LITERATURE. THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT (IC) TO PAY FROM THE SETTLEMENT FUND RESTITUTION TO REIT SHAREHOLDERS. AFTER REVIEW OF REIT CUSTOMERS BY THE SETTLEMENT FUND IC, THEY MUST SUBMIT TO THE FIRM AND FINRA A WRITTEN REPORT. AFTER DELIVERY OF THE WRITTEN REPORT, THE SETTLEMENT FUND IC SHALL MAKE PAYMENTS TO CUSTOMERS. THE FIRM SHALL RETAIN AN IC TO CONDUCT A REVIEW OF THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING RELATING TO MARKUPS AND MARKDOWNS OF CMOS AND MUNICIPAL BONDS; AND SALES OF THE REITS AND ALL NON-TRADED REITS SOLD BY THE FIRM AND SUITABILITY STANDARDS RELATING TO THE SALE OF NON-TRADED REITS. THE ORDER INCLUDES A FINDING THE FIRM WILLFULLY VIOLATED MSRB RULES G-17 AND G-30.

Regulator Statement

JANUARY 13, 2012: AMENDED COMPLAINT AND REQUEST FOR EXPEDITED HEARING- SECTIONS 17(A)(1), 17(A)(2) AND (A)(3) OF THE SECURITIES ACT OF 1933: THE FIRM, THROUGH ITS PRINCIPAL AND OTHER REPRESENTATIVES, REPEATEDLY GAVE SEMINAR PRESENTATIONS TO INVESTORS USING SEMINAR SLIDES THAT WERE NOT FAIR AND BALANCED AND DID NOT PROVIDE A SOUND BASIS FOR EVALUATING THE FACTS IN REGARD TO THE REITS PROGRAMS. THE SEMINAR SLIDES AND ITS PRINCIPAL'S SEMINAR PRESENTATIONS OMITTED NUMEROUS MATERIAL FACTS AND QUALIFICATIONS THAT CAUSED THE COMMUNICATIONS TO BE MISLEADING, CONTAINED NUMEROUS FALSE, EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS AND CLAIMS REGARDING THE VALUATIONS, PERFORMANCE, PROSPECTS, RISKS, AND PRACTICES OF THE REIT PROGRAMS, AS WELL AS CUSTOMER INSURANCE PROTECTION THROUGH THE FIRM AND THE PROSPECTS FOR A MERGER OF THE CLOSED REITS. TO COUNTER NEGATIVE MEDIA ATTENTION FOLLOWING THE FILING OF THE ORIGINAL COMPLAINT IN THIS PROCEEDING, THE PRINCIPAL SENT LETTERS TO THE FIRM'S CUSTOMERS. THE LETTERS OMITTED MATERIAL INFORMATION CAUSING THE COMMUNICATION TO BE MISLEADING AND CONTAINED EXAGGERATED, FALSE, AND MISLEADING STATEMENTS REGARDING THE VALUATIONS, PERFORMANCE, PROSPECTS, RISKS, AND PRACTICES OF



THE REIT PROGRAMS. THE PRINCIPAL AND THE FIRM MADE THE UNTRUE STATEMENTS AND OMITTED THE MATERIAL FACTS AS ALLEGED WITH INTENT TO DEFRAUD INVESTORS OR WITH RECKLESSNESS. THE FIRM'S SEMINARS, SEMINAR MATERIALS, AND LETTERS TO CUSTOMERS MISREPRESENTING THE VALUES, PRACTICES, RISKS, AND PROSPECTS OF THE CLOSED REITS AND THE CURRENT REIT WERE A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD INVESTORS INTO PURCHASING THE REIT. THE PRINCIPAL AND THE FIRM MADE INTENTIONAL OR RECKLESS MISREPRESENTATIONS AND OMISSIONS AT SEMINARS, IN SEMINAR MATERIALS, AND IN LETTERS TO CUSTOMERS. THE FIRM'S AND THE PRINCIPAL'S USE OF THE SEMINARS, SEMINAR MATERIALS, AND LETTERS TO CUSTOMERS CONSTITUTED A FRAUDULENT OR DECEITFUL PRACTICE OR COURSE OF BUSINESS TO OFFER OR SELL REIT TO INVESTORS.

10/22/12: ORDER ACCEPTING OFFER OF SETTLEMENT ADDED: SECTION 17(A)(1) OF THE SECURITIES ACT OF 1933, FINRA RULES 2010, 2310(B) AND , NASD RULE 2110, 2210(D)(1), 2310 AND 2440, AND INTERPRETATIVE MATERIAL 2440-1, MSRB RULES G-8 AND WILLFULLY VIOLATED G-17 AND G-30:

THE FIRM CHARGED EXCESSIVE MARKUPS AND MARKDOWNS AND/OR OTHERWISE FAILED TO MEET ITS OBLIGATION TO PROVIDE A FAIR AND REASONABLE PRICE TO CUSTOMERS AT THE TIME OF THE TRANSACTION ON THOUSANDS OF MUNICIPAL SECURITIES TRANSACTIONS, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS AND CIRCUMSTANCES. IN EACH SUCH TRADE, THE FIRM PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM A CUSTOMER AND/OR SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT TO A CUSTOMER AT AN AGGREGATE PRICE (INCLUDING ANY MARKUP OR MARKDOWN) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF THE TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER, OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. EACH OF THESE MUNICIPAL BOND TRADES WAS A WILLFUL VIOLATION OF MSRB RULES G-30 AND G-17.

THE FIRM CHARGED EXCESSIVE MARKUPS ON HUNDREDS OF COLLATERALIZED MORTGAGE OBLIGATION (CMO) TRANSACTIONS. IN THESE TRADES, THE FIRM SOLD CMOS TO RETAIL CUSTOMERS AT PRICES THAT WERE NOT FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES.

THE FIRM FAILED TO SHOW THE TERMS AND CONDITIONS AND THE TIME OF THE RECEIPT ON THE MEMORANDUM ON BROKERAGE ORDERS IN



MUNICIPAL BONDS.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DLA VIOLATED NASD RULES 2310 AND 2210(D)(1) AND FINRA RULES 2310(B) AND 2010, BY FAILING TO CONDUCT ADEQUATE DUE DILIGENCE, THEREBY LEAVING IT WITHOUT A REASONABLE BASIS FOR RECOMMENDING CUSTOMER PURCHASES OF APPLE REIT TEN, IN ADDITION TO USING MISLEADING STATEMENTS REGARDING THE PERFORMANCE OF EARLIER APPLE REITS. THIS COMPLAINT WAS AMENDED BY FINRA ON JANUARY 13, 2012 TO INCLUDE DAVID LERNER, INDIVIDUALLY, AS WELL AS TO ALLEGE THAT DLA AND DAVID LERNER HAVE VIOLATED SECTION 17(A) OF THE SECURITIES ACT OF 1933, NASD RULE 2210(D)(1) AND FINRA RULE 2010 IN CONNECTION WITH MISLEADING STATEMENTS IN SEMINAR PRESENTATIONS AND LETTERS TO CUSTOMERS. THE MATTER IS CURRENTLY PENDING. DAVID LERNER ASSOCIATES AND DAVID LERNER VIGOROUSLY DENY FINRA'S ALLEGATIONS.

Initiated By: FINRA

Date Initiated: 05/27/2011

Docket/Case Number: [2009020741901](#)

Principal Product Type: Other

Other Product Type(s): REAL ESTATE INVESTMENT TRUSTS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/22/2012

Sanctions Ordered: Censure
Monetary/Fine \$14,000,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKINGS AND INDEPENDENT CONSULTANT

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED, FINED \$14,000,000, REDUCED BY



THE FINES AND RESTITUTION (INCLUDING INTEREST THEREON) TO BE PAID PURSUANT TO THE PANEL DECISION (MUNICIPAL BOND AND CMO MATTER 20050007427); AND MUST PAY RESTITUTION OF \$597,695.21 TO BE PAID TO CERTAIN ADDITIONAL CUSTOMERS WHO WERE SUBJECT TO UNFAIR PRICING PRACTICES ON MUNICIPAL BONDS IN TRADES (THE UNFAIR PRICING RESTITUTION). THE REMAINING AMOUNT (\$14,000,000 MINUS THE FINES AND RESTITUTION IMPOSED IN DISCIPLINARY PROCEEDING 20050007427 AND THE UNFAIR PRICING RESTITUTION) (SUCH REMAINING AMOUNT HEREINAFTER THE SETTLEMENT FUND) SHALL BE DISTRIBUTED AS RESTITUTION TO CERTAIN INVESTORS IN THE REITS AS DETERMINED BY THE INDEPENDENT CONSULTANT RETAINED PURSUANT TO THE TERMS OF THIS OFFER. THE FIRM AGREES TO THE FOLLOWING UNDERTAKINGS: ADOPT PROCEDURES FOR THE SUPERVISION AND INTERNAL APPROVAL BY A REGISTERED PRINCIPAL OF ALL SEMINARS; PROVIDE TO FINRA A LOG OF EACH SEMINAR HELD DURING THE PRECEDING QUARTER, THE AUDIO RECORDING OF EACH SEMINAR ATTENDED BY MORE THAN 25 INDIVIDUALS, THE AUDIO VISUAL RECORDING OF EACH SEMINAR ATTENDED BY MORE THAN 50 INDIVIDUALS; AND FILE WITH FINRA PRIOR TO USE ALL ADVERTISEMENTS AND SALES LITERATURE. THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT (IC) TO PAY FROM THE SETTLEMENT FUND RESTITUTION TO REIT SHAREHOLDERS. AFTER REVIEW OF REIT CUSTOMERS BY THE SETTLEMENT FUND IC, THEY MUST SUBMIT TO THE FIRM AND FINRA A WRITTEN REPORT. AFTER DELIVERY OF THE WRITTEN REPORT, THE SETTLEMENT FUND IC SHALL MAKE PAYMENTS TO CUSTOMERS. THE FIRM SHALL RETAIN AN IC TO CONDUCT A REVIEW OF THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING RELATING TO MARKUPS AND MARKDOWNS OF CMOS AND MUNICIPAL BONDS; AND SALES OF THE REITS AND ALL NON-TRADED REITS SOLD BY THE FIRM AND SUITABILITY STANDARDS RELATING TO THE SALE OF NON-TRADED REITS.

Disclosure 8 of 21

Reporting Source:	Regulator
Current Status:	Final
Appealed To and Date Appeal Filed:	TO THE NAC, ON APRIL 27, 2012.
Allegations:	NASD RULES 2110, 2440, 3010(A), INTERPRETATIVE MATERIAL 2440-1, MSRB RULES G-8(A)(VI), G-8(A)(VII), G-17, G-27, G-30-DAVID LERNER ASSOCIATES, INC. (DLA) AND AN INDIVIDUAL WILLFULLY SOLD MUNICIPAL BONDS TO RETAIL CUSTOMERS AT PRICES THAT WERE NEITHER FAIR NOR REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS. DLA AND AN INDIVIDUAL ENTERED INTO MUNICIPAL BOND TRANSACTIONS



IN WHICH THEY CHARGED EXCESSIVE MARKUPS THAT CAUSED CUSTOMERS TO PURCHASE MUNICIPAL BONDS FROM DLA AT PRICES THAT WERE NOT FAIR OR REASONABLE (THE "IDENTIFIED MUNICIPAL BOND TRADES"). DLA'S RETAIL SALES OF THE IDENTIFIED MUNICIPAL BONDS WERE FILLED WITH BONDS IN DLA'S INVENTORY. DLA WAS NOT A MARKET MAKER IN THE MUNICIPAL BONDS AT ISSUE IN THE IDENTIFIED MUNICIPAL BOND TRADES. DLA'S MARKUPS FOR THE IDENTIFIED MUNICIPAL BOND TRADES RANGED FROM APPROXIMATELY 3.01% TO 5.78%. BECAUSE OF THE EXCESSIVE MARKUPS, DLA'S CUSTOMERS RECEIVED YIELDS THAT WERE LOWER THAN THEY WOULD HAVE OBTAINED HAD THE MARKUPS BEEN FAIR AND REASONABLE. DLA'S MARKUPS ON THE IDENTIFIED MUNICIPAL BOND TRADES WERE NOT DISCLOSED TO ITS CUSTOMERS. THE IDENTIFIED MUNICIPAL BOND TRADES REFLECTED A PATTERN AND PRACTICE BY DLA OF ENGAGING IN EXCESSIVE MARKUPS. DLA WILLFULLY FAILED TO RECORD THE TIME AT WHICH IT RECEIVED CUSTOMER MUNICIPAL BOND ORDERS. DLA FAILED TO MAKE REASONABLE EFFORTS TO ENSURE THAT THE MARKUPS ON THE MUNICIPAL BONDS IN QUESTION WERE REASONABLE AND THAT THE PRICES THAT CUSTOMERS PAID FOR THEM WERE FAIR. ALTHOUGH DLA'S SUPERVISORY SYSTEM INCLUDED WRITTEN SUPERVISORY PROCEDURES CONCERNING FAIR PRICING, THE SUPERVISION OF THE PRICING CONSISTED OF INEFFECTIVE WEEKLY SPOT CHECKS CONDUCTED BY DLA'S CHIEF COMPLIANCE OFFICER (CCO) OR ANOTHER MEMBER OF THE COMPLIANCE DEPARTMENT. DURING THESE SPOT CHECKS, THE CCO REVIEWED, AT BEST, ONLY THOSE TRADES THAT HAD EXCESSIVE MARKUPS IN EXCESS OF FIVE PERCENT OVER THE PRICES REFLECTED IN MARKET DATA. AN INDIVIDUAL, THE HEAD TRADER, WAS RESPONSIBLE FOR SETTING OR APPROVING ALL PRICES FOR MUNICIPAL BONDS, BUT FAILED TO ENSURE THAT SUCH PRICES WERE FAIR. DLA ALSO FAILED TO ESTABLISH ADEQUATE PROCEDURES OR SUPERVISORY CONTROLS TO ENSURE THAT IT RECORDED THE TIME THAT MUNICIPAL BOND ORDERS WERE RECEIVED FROM CUSTOMERS. DLA WILLFULLY FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES, SYSTEMS AND CONTROLS, AND IT WILLFULLY FAILED TO SUPERVISE THE CONDUCT OF ITS MUNICIPAL SECURITIES ACTIVITIES. DLA ENTERED INTO COLLATERALIZED MORTGAGE OBLIGATION (CMO) SECURITIES TRANSACTIONS IN WHICH IT CHARGED EXCESSIVE MARKUPS THAT CAUSED CUSTOMERS TO PURCHASE THE CMO FROM DLA AT PRICES THAT WERE NOT FAIR AND REASONABLE. DLA'S RETAIL SALES OF THE IDENTIFIED CMO TRADES WERE FILLED WITH CMOS IN DLA'S INVENTORY. DLA WAS NOT A MARKET MAKER IN THE CMOS AT ISSUE IN THE IDENTIFIED CMO TRADES. DLA'S MARKUPS FOR THE IDENTIFIED CMO TRADES RANGED FROM APPROXIMATELY 4.02% TO 12.81%. DLA'S MARKUPS ON THE IDENTIFIED CMO TRADES WERE NOT DISCLOSED TO ITS CUSTOMERS. BECAUSE OF THE EXCESSIVE MARKUPS, DLA'S



CUSTOMERS RECEIVED YIELDS THAT WERE LOWER THAN THEY WOULD HAVE OBTAINED HAD THE MARKUPS BEEN FAIR AND REASONABLE. THE IDENTIFIED CMO TRADES REFLECTED A PATTERN BY DLA IN ENGAGING IN EXCESSIVE MARKUPS. NOTHING IN THE NATURE OF DLA'S BUSINESS OR THE IDENTIFIED MUNICIPAL BOND TRADES OR THE IDENTIFIED CMO TRADES JUSTIFIED THE SIZE OF THE MARKUPS FOR THE IDENTIFIED MUNICIPAL BOND TRADES OR THE CMO TRADES. [CONTINUED IN COMMENTS]

Initiated By: FINRA

Date Initiated: 05/07/2010

Docket/Case Number: [2005000742701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATION SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision

Resolution Date: 11/20/2012

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

Sanctions Ordered: Monetary/Fine \$2,325,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: EXTENDED HEARING PANEL DECISION RENDERED APRIL 4, 2012 WHEREIN THE FIRM WAS FINED \$1 MILLION FOR WILLFULLY CHARGING EXCESSIVE MUNICIPAL BOND MARKUPS IN VIOLATION OF MSRB RULES G-30 AND G-17 AND ORDERED TO PAY \$765,345.28 RESTITUTION, PLUS INTEREST TO CUSTOMERS; FINED \$150,000 FOR WILLFULLY FAILING TO SUPERVISE MUNICIPAL BOND PRICING AND ESTABLISH AND MAINTAIN ADEQUATE PROCEDURES, REQUIRED TO REVISE ITS PROCEDURES TO ENSURE THAT THEY ARE REASONABLY DESIGNED TO COMPLY WITH THE REQUIREMENTS OF MSRB RULES G-30 AND G-8, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT, TO REVIEW AND APPROVE THE



FIRM'S REVISED PROCEDURES. FINED \$1 MILLION AND ORDERED TO PAY OF \$692,731.24 RESTITUTION, PLUS INTEREST TO THE CUSTOMERS FOR CHARGING EXCESSIVE CMO MARKUPS IN VIOLATION OF NASD CONDUCT RULE 2440 AND IM-2440-1, AND NASD CONDUCT RULE 2110; ORDERED TO PAY THE RESTITUTION WITHIN 60 DAYS THIS DECISION; ANY AMOUNT IN BOTH RESTITUTIONS NOT PAID TO CUSTOMERS SHALL BE PAID TO FINRA IN THE FORM OF A FINE. FINED \$150,000 FOR FAILING TO SUPERVISE CMO PRICING AND ESTABLISH ADEQUATE PROCEDURES TO MONITOR THE FAIRNESS OF PRICES FOR CMOS, IN VIOLATION OF NASD RULES 3010(A) AND 2110, REQUIRED TO REVISE ITS PROCEDURES AND RETAIN AN INDEPENDENT CONSULTANT, TO REVIEW AND APPROVE THE FIRM'S REVISED PROCEDURES. IN ADDITION, THE FIRM IS, JOINTLY AND SEVERALLY, ORDERED TO PAY THE COSTS IN THE TOTAL AMOUNT OF \$23,232.80. THIS EXTENDED HEARING PANEL DECISION HAS BEEN APPEALED TO THE NAC, ON APRIL 27, 2012. ON OCTOBER 22, 2012, THE APPEAL WAS WITHDRAWN. THE DECISION IS FINAL NOVEMBER 20, 2012. THE FIRM IS FINED \$2,325,000 AND JOINT AND SEVERAL COSTS OF \$23,323.80 IN FINRA DISCIPLINARY PROCEEDING NO. 20050007427, \$726,345.28 AND \$692,731.24 IN RESTITUTION PLUS INTEREST, AND THE FIRM WILL REVISE ITS PROCEDURES AND RETAIN AN INDEPENDENT CONSULTANT. FINE OF \$2,325,000.00 AND COSTS OF \$23,232.80 PAID IN FULL ON 12/27/12.

Regulator Statement

[CONTINUED FROM ALLEGATIONS] IN PARTICULAR, DLA DID NOT PROVIDE SERVICES WARRANTING EXTRAORDINARY MARKUPS; DLA'S EXPENSES IN EXECUTING OR FILLING ITS CUSTOMERS' ORDERS WERE NOT EXTRAORDINARY, AND IN FACT WERE LIKELY DE MINIMUS GIVEN THAT THE GREAT MAJORITY OF SALES CAME FROM DLA'S INVENTORY; THE TRANSACTIONS WERE FOR TOTAL DOLLAR AMOUNTS WITH A RANGE THAT DID NOT JUSTIFY EXTRAORDINARY MARKUPS; THE BONDS OR CMOS DID NOT HAVE FEATURES THAT WARRANTED EXTRAORDINARY MARKUPS; AND AN EXERCISE OF REASONABLE BEST JUDGMENT WOULD NOT HAVE ALLOWED THE IMPOSITION OF EXTRAORDINARY MARKUPS. DLA AND AN INDIVIDUAL FAILED TO ESTABLISH THE APPROPRIATE SUPERVISORY SYSTEM WHICH, AMONG OTHER THINGS, RESULTED IN CUSTOMERS PAYING PRICES FOR CMOS THAT WERE NOT FAIR AND FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE SUPERVISORY SYSTEMS AND CONTROLS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE LAW AND REGULATIONS. ON APRIL 27, 2012, FINRA DEPARTMENT OF ENFORCEMENT FILED, WITH THE OFFICE OF HEARING OFFICERS, A NOTICE OF CROSS-APPEAL IN THE MATTER OF DAVID LERNER ASSOCIATES, INC.

Reporting Source:

Firm



Current Status: Final

Allegations: NASD RULES 2110, 2440, 3010(A), INTERPRETATIVE MATERIAL 2440-1, MSRB RULES G-8(A)(VI), G-8(A)(VII), G-17, G-27, G-30-DAVID LERNER ASSOCIATES, INC. (DLA) AND AN INDIVIDUAL WILLFULLY SOLD MUNICIPAL BONDS TO RETAIL CUSTOMERS AT PRICES THAT WERE NEITHER FAIR NOR REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS. DLA AND AN INDIVIDUAL ENTERED INTO MUNICIPAL BOND TRANSACTIONS IN WHICH THEY CHARGED EXCESSIVE MARKUPS THAT CAUSED CUSTOMERS TO PURCHASE MUNICIPAL BONDS FROM DLA AT PRICES THAT WERE NOT FAIR OR REASONABLE (THE "IDENTIFIED MUNICIPAL BOND TRADES"). DLA'S RETAIL SALES OF THE IDENTIFIED MUNICIPAL BONDS WERE FILLED WITH BONDS IN DLA'S INVENTORY. DLA WAS NOT A MARKET MAKER IN THE MUNICIPAL BONDS AT ISSUE IN THE IDENTIFIED MUNICIPAL BOND TRADES. DLA'S MARKUPS FOR THE IDENTIFIED MUNICIPAL BOND TRADES RANGED FROM APPROXIMATELY 3.01% TO 5.78%. BECAUSE OF THE EXCESSIVE MARKUPS, DLA'S CUSTOMERS RECEIVED YIELDS THAT WERE LOWER THAN THEY WOULD HAVE OBTAINED HAD THE MARKUPS BEEN FAIR AND REASONABLE. DLA'S MARKUPS ON THE IDENTIFIED MUNICIPAL BOND TRADES WERE NOT DISCLOSED TO ITS CUSTOMERS. THE IDENTIFIED MUNICIPAL BOND TRADES REFLECTED A PATTERN AND PRACTICE BY DLA OF ENGAGING IN EXCESSIVE MARKUPS. DLA WILLFULLY FAILED TO RECORD THE TIME AT WHICH IT RECEIVED CUSTOMER MUNICIPAL BOND ORDERS. DLA FAILED TO MAKE REASONABLE EFFORTS TO ENSURE THAT THE MARKUPS ON THE MUNICIPAL BONDS IN QUESTION WERE REASONABLE AND THAT THE PRICES THAT CUSTOMERS PAID FOR THEM WERE FAIR. ALTHOUGH DLA'S SUPERVISORY SYSTEM INCLUDED WRITTEN SUPERVISORY PROCEDURES CONCERNING FAIR PRICING, THE SUPERVISION OF THE PRICING CONSISTED OF INEFFECTIVE WEEKLY SPOT CHECKS CONDUCTED BY DLA'S CHIEF COMPLIANCE OFFICER (CCO) OR ANOTHER MEMBER OF THE COMPLIANCE DEPARTMENT. DURING THESE SPOT CHECKS, THE CCO REVIEWED, AT BEST, ONLY THOSE TRADES THAT HAD EXCESSIVE MARKUPS IN EXCESS OF FIVE PERCENT OVER THE PRICES REFLECTED IN MARKET DATA. AN INDIVIDUAL, THE HEAD TRADER, WAS RESPONSIBLE FOR SETTING OR APPROVING ALL PRICES FOR MUNICIPAL BONDS, BUT FAILED TO ENSURE THAT SUCH PRICES WERE FAIR. DLA ALSO FAILED TO ESTABLISH ADEQUATE PROCEDURES OR SUPERVISORY CONTROLS TO ENSURE THAT IT RECORDED THE TIME THAT MUNICIPAL BOND ORDERS WERE RECEIVED FROM CUSTOMERS. DLA WILLFULLY FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES, SYSTEMS AND CONTROLS, AND IT WILLFULLY FAILED TO SUPERVISE THE CONDUCT OF ITS MUNICIPAL SECURITIES ACTIVITIES. DLA ENTERED INTO COLLATERALIZED MORTGAGE OBLIGATION (CMO) SECURITIES TRANSACTIONS IN WHICH IT CHARGED EXCESSIVE MARKUPS THAT



CAUSED CUSTOMERS TO PURCHASE THE CMO FROM DLA AT PRICES THAT WERE NOT FAIR AND REASONABLE. DLA'S RETAIL SALES OF THE IDENTIFIED CMO TRADES WERE FILLED WITH CMOs IN DLA'S INVENTORY. DLA WAS NOT A MARKET MAKER IN THE CMOs AT ISSUE IN THE IDENTIFIED CMO TRADES. DLA'S MARKUPS FOR THE IDENTIFIED CMO TRADES RANGED FROM APPROXIMATELY 4.02% TO 12.81%. DLA'S MARKUPS ON THE IDENTIFIED CMO TRADES WERE NOT DISCLOSED TO ITS CUSTOMERS. BECAUSE OF THE EXCESSIVE MARKUPS, DLA'S CUSTOMERS RECEIVED YIELDS THAT WERE LOWER THAN THEY WOULD HAVE OBTAINED HAD THE MARKUPS BEEN FAIR AND REASONABLE. THE IDENTIFIED CMO TRADES REFLECTED A PATTERN BY DLA IN ENGAGING IN EXCESSIVE MARKUPS. NOTHING IN THE NATURE OF DLA'S BUSINESS OR THE IDENTIFIED MUNICIPAL BOND TRADES OR THE IDENTIFIED CMO TRADES JUSTIFIED THE SIZE OF THE MARKUPS FOR THE IDENTIFIED MUNICIPAL BOND TRADES OR THE CMO TRADES.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 05/07/2010

Docket/Case Number: [2005000742701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): DEBT-ASSET BACKED

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

Other Sanction(s)/Relief Sought: RESTITUTION, UNDERTAKING

Resolution: Other

Resolution Date: 11/20/2012

Sanctions Ordered: Monetary/Fine \$2,325,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: EXTENDED HEARING PANEL DECISION RENDERED APRIL 4, 2012 WHEREIN THE FIRM WAS FINED \$1 MILLION FOR WILLFULLY CHARGING EXCESSIVE MUNICIPAL BOND MARKUPS IN VIOLATION OF MSRB RULES G-30 AND G-17 AND ORDERED TO PAY \$765,345.28 RESTITUTION, PLUS INTEREST TO CUSTOMERS; FINED \$150,000 FOR WILLFULLY FAILING TO SUPERVISE MUNICIPAL BOND PRICING AND ESTABLISH AND MAINTAIN ADEQUATE PROCEDURES, REQUIRED TO REVISE ITS PROCEDURES TO ENSURE THAT THEY ARE REASONABLY DESIGNED TO COMPLY WITH THE REQUIREMENTS OF MSRB RULES G-30 AND G-8, AND REQUIRED TO



RETAIN AN INDEPENDENT CONSULTANT, TO REVIEW AND APPROVE THE FIRM'S REVISED PROCEDURES. FINED \$1 MILLION AND ORDERED TO PAY OF \$692,731.24 RESTITUTION, PLUS INTEREST TO THE CUSTOMERS FOR CHARGING EXCESSIVE CMO MARKUPS IN VIOLATION OF NASD CONDUCT RULE 2440 AND IM-2440-1, AND NASD CONDUCT RULE 2110; ORDERED TO PAY THE RESTITUTION WITHIN 60 DAYS THIS DECISION; ANY AMOUNT IN BOTH RESTITUTIONS NOT PAID TO CUSTOMERS SHALL BE PAID TO FINRA IN THE FORM OF A FINE. FINED \$150,000 FOR FAILING TO SUPERVISE CMO PRICING AND ESTABLISH ADEQUATE PROCEDURES TO MONITOR THE FAIRNESS OF PRICES FOR CMOS, IN VIOLATION OF NASD RULES 3010(A) AND 2110, REQUIRED TO REVISE ITS PROCEDURES AND RETAIN AN INDEPENDENT CONSULTANT, TO REVIEW AND APPROVE THE FIRM'S REVISED PROCEDURES. IN ADDITION, THE FIRM IS, JOINTLY AND SEVERALLY, ORDERED TO PAY THE COSTS IN THE TOTAL AMOUNT OF \$23,232.80. THIS EXTENDED HEARING PANEL DECISION HAS BEEN APPEALED TO THE NAC, ON APRIL 27, 2012. ON OCTOBER 22, 2012, THE APPEAL WAS WITHDRAWN. THE DECISION IS FINAL NOVEMBER 20, 2012. THE FIRM IS FINED \$2,325,000 AND JOINT AND SEVERAL COSTS OF \$23,323.80 IN FINRA DISCIPLINARY PROCEEDING NO. 20050007427, \$726,345.28 AND \$692,731.24 IN RESTITUTION PLUS INTEREST, AND THE FIRM WILL REVISE ITS PROCEDURES AND RETAIN AN INDEPENDENT CONSULTANT.

Disclosure 9 of 21

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SECTION 17(A) OF THE SECURITIES ACT OF 1934 AND RULES 17A-3 AND 17A-4 PROMULGATED THEREUNDER, NASD RULES 1021, 2110, 3010, 3110 - RESPONDENT MEMBER BY EFFECTING VARIABLE LIFE INSURANCE AND VARIABLE ANNUITY REPLACEMENT SALES TO PUBLIC CUSTOMERS IN CONTRAVENTION OF NEW YORK STATE INSURANCE DEPARTMENT REGULATION NO. 60, FAILED TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE AND FAILED TO PREPARE AND MAINTAIN ACCURATE BOOKS AND RECORDS OF VARIABLE LIFE INSURANCE AND VARIABLE ANNUITY REPLACEMENT SALES SUBJECT TO REGULATION 60. THE FINDINGS STATED THAT THE FIRM, ACTING THROUGH AN INDIVIDUAL, PERMITTED A REGISTERED REPRESENTATIVE TO FUNCTION AS A PRINCIPAL WITHOUT BEING PROPERLY REGISTERED IN A PRINCIPAL CAPACITY. NASD FOUND THAT THE FIRM, ACTING THROUGH REPRESENTATIVES, FAILED TO REASONABLY SUPERVISE THE ACTIVITIES OF ITS ASSOCIATED PERSONS AND REGISTERED REPRESENTATIVES RELATED TO VARIABLE LIFE INSURANCE AND VARIABLE ANNUITY REPLACEMENT SALES SUBJECT TO



REGULATION 60.

Initiated By: NASD

Date Initiated: 02/07/2006

Docket/Case Number: [ELI2004001401](#)

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s): VARIABLE LIFE INSURANCE

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/07/2006

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

Sanctions Ordered: Censure
Monetary/Fine \$400,000.00
Suspension

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, DAVID LERNER ASSOCIATES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE THE FIRM IS CENSURED, FINED \$400,000, OF WHICH \$50,000 IS JOINTLY AND SEVERALLY WITH TWO REPRESENTATIVES AND SUSPENDED FROM ENGAGING IN ANY VARIABLE LIFE INSURANCE OR VARIABLE ANNUITY BUSINESS FOR 30 DAYS FOR PROSPECTIVE CUSTOMERS WHO ARE NOT ITS CUSTOMERS. SUSPENSION BEGINS MARCH 20, 2006 TO CLOSE OF BUSINESS APRIL 19, 2006.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGATION THAT SALES OF VARIABLE PRODUCTS WERE MADE CONTRARY TO NY STATE REGULATION 60 REQUIREMENTS; THAT RR WAS



PERMITTED TO ACT AS A PRINCIPAL WITHOUT BEING REGISTERED AS ONE; FAILURE TO SUPERVISE RRS ON VARIABLE PRODUCT SALES

Initiated By: NASD

Date Initiated: 05/27/2005

Docket/Case Number: [ELI2004001401](#)

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s): VARIABLE LIFE INSURANCE

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

Other Sanction(s)/Relief Sought: 30 DAY SUSPENSION FROM ENGAGING IN NEW VARIABLE LIFE INSURANCE AND VARIABLE ANNUITY BUSINESS; 30 DAY SUSPENSIONS FOR TWO REPRESENTATIVES.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/07/2006

Sanctions Ordered: Censure
Monetary/Fine \$400,000.00
Suspension

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS. THE FIRM IS CENSURED, FINED \$400,000, OF WHICH \$50,000 IS JOINT AND SEVERAL WITH 2 REPRESENTATIVES. THE FIRM IS SUSPENDED FROM ENGAGING IN VARIABLE LIFE INSURANCE OR VARIABLE ANNUITY BUSINESS WITH NEW CUSTOMERS FOR 30 DAYS, FROM MARCH 20, THROUGH APRIL 19, 2006.

Disclosure 10 of 21

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 2210(B)(1), 2210(B)(2), 2210(C)(1), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(D), 2210(D)(2)(M), 3010 - DAVID LERNER ASSOCIATES, INC. UTILIZED RADIO ADVERTISEMENTS THAT DID NOT HAVE FACTUAL SUPPORT FOR THE STATEMENTS MADE OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE, MAKING THE STATEMENTS OR CLAIMS EXAGGERATED, UNWARRANTED, OR MISLEADING; MADE CLAIMS THAT WERE PROMISSORY WITHOUT ANY STATISTICAL SUPPORT; IN SEMINAR PRESENTATIONS, THE FIRM DID NOT

HAVE FACTUAL SUPPORT FOR STATEMENTS MADE OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE, MAKING THE STATEMENTS OR CLAIMS EXAGGERATED, UNWARRANTED, OR MISLEADING; PROMOTED REIT PROGRAMS AT THE SEMINARS BUT FAILED TO ADEQUATELY DISCLOSE THE LIMITATIONS OF THE REDEMPTION PROGRAM OF THE REIT AND THE LACK OF A SECONDARY MARKET AND OMITTED INFORMATION NECESSARY TO EVALUATE CLAIMS MADE AND FAILED TO DISCLOSE RISKS ASSOCIATED WITH THE INVESTMENT; RAN PRINT ADS IN NEWSPAPERS THAT CONTAINED LANGUAGE FOR WHICH THE FIRM DID NOT HAVE FACTUAL SUPPORT OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE; MAINTAINED A WEB SITE THAT PRESENTED QUOTES FROM INDIVIDUALS THAT WERE NOT DIRECT QUOTES; FAILED TO INCLUDE LANGUAGE INDICATING TESTIMONIALS MIGHT NOT BE REPRESENTATIVE OF OTHER CLIENTS' EXPERIENCE; WEB SITE CONTAINED PROMISSORY LANGUAGE; WEB SITE OMITTED INFORMATION ON HOW CALLABLE BONDS WERE HANDLED IN A CLAIM; ISSUED BROCHURES THAT CONTAINED PROMISSORY LANGUAGE AND UNATTRIBUTED QUOTES; NEWSLETTERS OMITTED INFORMATION AND CHARTS DID NOT INCLUDE NECESSARY DISCLOSURES; DISTRIBUTED FACT SHEETS THAT CONTAINED INACCURATE INFORMATION; FAILED TO PROVIDE WRITTEN APPROVAL BEFORE USE FOR ALL ADVERTISING AND SALES LITERATURE OTHER THAN RADIO ADS; FAILED TO FILE A FACT SHEET AND SEMINAR PRESENTATIONS; FAILED TO MAINTAIN A SEPARATE FILE OF ADVERTISING AND SALES LITERATURE; FAILED TO IMPLEMENT AND ENFORCE WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NASD RULE 2210.

Initiated By: NASD

Date Initiated: 09/28/2004

Docket/Case Number: [CAF040070](#)

Principal Product Type: Other

Other Product Type(s): ADVERTISEMENTS, SALES LITERATURE

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 08/25/2005



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 \$115,000.00

Other Sanctions Ordered:

UNDERTAKINGS

Sanction Details:

NASD DETERMINED TO ACCEPT THE OFFER OF SETTLEMENT IN THIS CASE AND MADE THE FOLLOWING FINDINGS: DAVID LERNER ASSOCIATES, INC. VIOLATED NASD CONDUCT RULES 2210, 2210(B)(1), 2210(B)(2), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(M) AND 3010. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, DAVID LERNER ASSOCIATES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THE FIRM IS CENSURED, FINED \$115,000, OF WHICH \$50,000 IS JOINT AND SEVERAL. IT IS FURTHER ORDERED THAT THE FIRM MUST UNDERTAKE TO FILE WITH NASD ALL SALES LITERATURE AND ADVERTISEMENTS, EXCEPT FOR POWERPOINT PRESENTATIONS USED BY THE FIRM IN PUBLIC SEMINARS, AT LEAST 10 DAYS PRIOR TO THEIR FIRST USE FOR SIX MONTHS FROM THE DATE OF THIS ORDER. THE 10-DAY PERIOD SHALL COMMENCE ON THE DATE OF TRANSMISSION WITH RESPECT TO ADVERTISEMENTS OR SALES LITERATURE THAT THE FIRM SENDS BY FACSIMILE AND ON THE DAY FOLLOWING SHIPMENT WITH RESPECT TO ADVERTISEMENTS OR SALES LITERATURE THAT THE FIRM SENDS BY OVERNIGHT DELIVERY. AFTER 10 DAYS, THESE ADVERTISEMENTS OR SALES LITERATURE MAY BE USED IN THE ABSENCE OF COMMENTS FROM NASD. HOWEVER, AT ANY TIME, UPON RECEIPT OF COMMENTS FROM NASD ON THE ADVERTISEMENTS OR SALES LITERATURE FILED PRIOR TO USE, UNLESS NOTIFIED OTHERWISE BY NASD, THE FIRM SHALL TAKE ALL REASONABLE STEPS TO WITHHOLD OR CAUSE TO BE WITHHELD THE MATERIAL FROM FURTHER PUBLICATION UNTIL THE CHANGES SPECIFIED BY NASD HAVE BEEN MADE, AND SUCH MATERIAL WILL BE REVISED AND RE-FILED 10-DAYS PRIOR TO ANY USE UNLESS OTHERWISE AGREED TO BY NASD AT IS SOLE DISCRETION.

Regulator Statement

WITH RESPECT TO POWERPOINT PRESENTATIONS TO BE USED BY THE FIRM IN PUBLIC SEMINARS FOR SIX MONTHS FORM THE DATE OF THIS ORDER, THE FIRM SHALL UNDERTAKE TO PROVIDE A COPY OF ITS PROPOSED POWERPOINT TO NASD AT LEAST 30 DAYS PRIOR TO CONDUCTING ANY SUCH SEMINAR, SO AS TO ALLOW NASD SUFFICIENT TIME TO REVIEW AND APPROVE THE PROPOSED PUBLIC COMMUNICATION. IN THAT REGARD THE FIRM AGREES NOT TO CONDUCT ANY PUBLIC SEMINAR FOR 30 DAYS FROM THE DATE OF THIS ORDER.



HOWEVER, AT ANY TIME, UPON RECEIPT OF COMMENTS FROM NASD, THE FIRM SHALL TAKE ALL REASONABLE STEPS TO REFRAIN FROM USING SUCH POWERPOINT AT ANY SEMINAR UNTIL THE CHANGES SPECIFIED BY NASD HAVE BEEN MADE, AND SUCH POWERPOINT WILL BE REVISED AND RE-FILED 10 DAYS PRIOR TO ANY USE, UNLESS OTHERWISE AGREED TO BY NASD.

Reporting Source:	Firm
Current Status:	Final
Allegations:	NASD RULES 2110, 2210(B)(1), 2210(B)(2), 2210(C)(1), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(D), 2210(D)(2)(M), 3010 - DAVID LERNER ASSOCIATES, INC. UTILIZED RADIO ADVERTISEMENTS THAT DID NOT HAVE FACTUAL SUPPORT FOR THE STATEMENTS MADE OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE, MAKING THE STATEMENTS OR CLAIMS EXAGGERATED, UNWARRANTED, OR MISLEADING; MADE CLAIMS THAT WERE PROMISSORY WITHOUT ANY STATISTICAL SUPPORT; IN SEMINAR PRESENTATIONS, THE FIRM DID NOT HAVE FACTUAL SUPPORT FOR STATEMENTS MADE OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE, MAKING THE STATEMENTS OR CLAIMS EXAGGERATED, UNWARRANTED, OR MISLEADING; PROMOTED REIT PROGRAMS AT THE SEMINARS BUT FAILED TO ADEQUATELY DISCLOSE THE LIMITATIONS OF THE REDEMPTION PROGRAM OF THE REIT AND THE LACK OF A SECONDARY MARKET AND OMITTED INFORMATION NECESSARY TO EVALUATE CLAIMS MADE AND FAILED TO DISCLOSE RISKS ASSOCIATED WITH THE INVESTMENT; RAN PRINT ADS IN NEWSPAPERS THAT CONTAINED LANGUAGE FOR WHICH THE FIRM DID NOT HAVE FACTUAL SUPPORT OR OMITTED INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE; MAINTAINED A WEB SITE THAT PRESENTED QUOTES FROM INDIVIDUALS THAT WERE NOT DIRECT QUOTES; FAILED TO INCLUDE LANGUAGE INDICATING TESTIMONIALS MIGHT NOT BE REPRESENTATIVE OF OTHER CLIENTS' EXPERIENCE; WEB SITE CONTAINED PROMISSORY LANGUAGE; WEB SITE OMITTED INFORMATION ON HOW CALLABLE BONDS WERE HANDLED IN A CLAIM; ISSUED BROCHURES THAT CONTAINED PROMISSORY LANGUAGE AND UNATTRIBUTED QUOTES; NEWSLETTERS OMITTED INFORMATION AND CHARTS DID NOT INCLUDE NECESSARY DISCLOSURES; DISTRIBUTED FACT SHEETS THAT CONTAINED INACCURATE INFORMATION; FAILED TO PROVIDE WRITTEN APPROVAL BEFORE USE FOR ALL ADVERTISING AND SALES LITERATURE OTHER THAN RADIO ADS; FAILED TO FILE A FACT SHEET AND SEMINAR PRESENTATIONS; FAILED TO MAINTAIN A SEPARATE FILE OF ADVERTISING AND SALES LITERATURE; FAILED TO IMPLEMENT AND ENFORCE WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NASD RULE 2210.



Initiated By:	NASD
Date Initiated:	09/28/2004
Docket/Case Number:	CAF040070
Principal Product Type:	No Product
Other Product Type(s):	ADVERTISEMENTS, SALES LITERATURE
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE OF \$115,000;PRE-FILING, PRIOR TO FIRST USE, WITH NASD ADVERTISING REGULATION OF SALES LITERATURE AND ADS, INCLUDING POWER POINT PRESENTATIONSFOR SIX MONTHS FROM AUGUST 25, 2005
Resolution:	Settled
Resolution Date:	08/25/2005
Sanctions Ordered:	Censure Monetary/Fine \$115,000.00
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	DAVID LERNER WAS CENSURED AND FINED, JOINT AND SEVERAL WITH DLA \$25,000. JOHN DEMPSEY WAS FINED \$25,000 JOINT AND SEVERAL WITH DLA AND SUSPENDED THIRTY DAYS, FROM ASSOCIATING WITH ANY NASD MEMBER IN A PRINCIPAL OR SUPERVISORY CAPACITY EXCEPT THAT HE MAY CONTINUE TO TRAIN DLA RRS.DLA AGREED NOT TO HOLD PUBLIC SEMINARS FOR 30 DAYS.
Firm Statement	OFFER OF SETTLEMENT WAS FORMALLY ACCEPTED AUGUST 25, 2005

Disclosure 11 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN PROCEEDINGS FILE NO. 3-11492, RELS 33-8423, 34-49729, DATED MAY 19, 2004 - THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST DAVID LERNER ASSOCIATES, INC. ("LERNER" OR "RESPONDENT").IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF



SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/19/2004

Docket/Case Number: SEC ADMIN FILE 3-11492, REL 33-8423

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: 05/19/2004

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

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

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: IT IS HEREBY ORDERED: PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, RESPONDENT BE, AND HEREBY IS, CENSURED. PURSUANT TO SECTION 21C OF THE EXCHANGE ACT, RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULE 17A-3 THEREUNDER. RESPONDENT SHALL, WITH TEN DAYS OF ENTRY OF THIS ORDER, PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$50,000 TO THE UNITED STATES TREASURY. RESPONDENT DAVID LERNER ASSOCIATES, INC. UNDERTAKES TO: RETAIN, WITHIN 60 DAYS OF THE DATE OF THIS ORDER, AT RESPONDENT'S EXPENSE, AN INDEPENDENT REVIEW PERSON ("REVIEW PERSON"), ACCEPTABLE TO THE COMMISSION'S STAFF, TO CONDUCT A COMPREHENSIVE REVIEW OF RESPONDENT'S EXISTING PROCEDURES OR SYSTEMS INTENDED TO PREVENT RESPONDENT'S REGISTERED REPRESENTATIVES AND/OR SALES PERSONNEL, IN CONNECTION WITH



SALES OF RESPONDENT-UNDERWRITTEN ISSUES AND PROPRIETARY PRODUCTS, FROM (1) MAKING UNSUITABLE INVESTMENT RECOMMENDATIONS TO CUSTOMERS IN LIGHT OF THE CUSTOMERS' INVESTMENT OBJECTIVES AND FINANCIAL SITUATION; AND (2) FAILING TO MAKE AND KEEP CURRENT ACCURATE BOOKS AND RECORDS. ADOPT AND IMPLEMENT, WITHIN 30 DAYS AFTER RECEIPT OF THE REPORT, AT RESPONDENT'S EXPENSE, SUCH PROCEDURES OR SYSTEMS AS RECOMMENDED BY THE REVIEW PERSON PROVIDED, HOWEVER, THAT AS TO ANY OF THE REVIEW PERSON'S RECOMMENDATIONS THAT RESPONDENT DETERMINES IS UNDULY BURDENSOME, RESPONDENT MAY PROPOSE AN ALTERNATIVE PROCEDURE OR SYSTEM REASONABLY DESIGNED TO ACCOMPLISH THE SAME OBJECTIVES. AUTHORIZE THE REVIEW PERSON TO PROVIDE COPIES OF THE REPORT AND ANY SUPPLEMENTAL REPORT, WITHIN 5 DAYS OF THE ISSUANCE OF EACH REPORT, TO THE SECURITIES AND EXCHANGE COMMISSION, DIVISION OF ENFORCEMENT. COOPERATE FULLY WITH THE REVIEW PERSON, INCLUDING OBTAINING THE COOPERATION OF RESPONDENT'S EMPLOYEES, AFFILIATES, OR OTHER PERSONS UNDER ITS CONTROL.

Regulator Statement

FROM DECEMBER 1996 THROUGH AUGUST 1999, RESPONDENT WAS RESPONSIBLE FOR SUPERVISING ITS REGISTERED REPRESENTATIVES, THAT ON A NUMBER OF OCCASIONS DURING THE AFORESAID PERIOD, RECOMMENDED, OFFERED AND CAUSED TO BE PURCHASED ON MARGIN FOR CUSTOMER ACCOUNTS ILLIQUID LERNER-UNDERWRITTEN REIT SECURITIES THAT WERE UNSUITABLE FOR THE CUSTOMERS, GIVEN THE CUSTOMERS' INVESTMENT OBJECTIVES AND FINANCIAL SITUATION, INCLUDING THEIR NEED FOR LIQUIDITY.

AS UNDERTAKINGS, LERNER SHALL ALSO REQUIRE THE REVIEW PERSON TO ENTER INTO AN AGREEMENT, PROVIDING THAT (1) FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM THE COMPLETION OF THE ENGAGEMENT, THE REVIEW PERSON SHALL NOT ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING, OR OTHER PROFESSIONAL RELATIONSHIP WITH RESPONDENT, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY AS SUCH; AND (2) ANY FIRM WITH WHICH THE REVIEW PERSON IS AFFILIATED OR WITH WHICH HE OR SHE IS A MEMBER, AND ANY PERSON ENGAGED TO ASSIST THE REVIEW PERSON IN PERFORMANCE OF HIS OR HER DUTIES UNDER THIS ORDER SHALL NOT, WITHOUT PRIOR WRITTEN CONSENT OF THE COMMISSION'S STAFF, ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING, OR OTHER PROFESSIONAL RELATIONSHIP WITH RESPONDENT, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS IN THEIR CAPACITY AS SUCH FOR THE PERIOD OF THE ENGAGEMENT AND FOR A PERIOD OF TWO YEARS AFTER THE ENGAGEMENT. NOTHING HEREIN

SHALL PREVENT RESPONDENT FROM ADOPTING ADDITIONAL POLICIES AND PROCEDURES OR SYSTEMS OR IMPROVING UPON THE POLICIES AND PROCEDURES OR SYSTEMS ADOPTED PURSUANT TO ITS UNDERTAKINGS; AND THE REVIEW PERSON'S REVIEW OF RESPONDENT'S EXISTING PROCEDURES OR SYSTEMS SHALL INCLUDE THE REVIEW OF ALL PROCEDURES OR SYSTEMS, WRITTEN OR OTHERWISE, RELATING TO SALES OF RESPONDENT-UNDERWRITTEN ISSUES AND PROPRIETARY PRODUCTS.

Reporting Source: Firm

Current Status: Final

Allegations: SEC ADMIN PROC FILE NO.33-11492; RELS 33-8423; 34-49729, DATED MAY 19,2004- THE SEC DEEMED IT APPROPRIATE & IN THE PUBLIC INTEREST THAT PUBLIC ADMIN & CEASE & DESIST PROCEEDINGS BE & ARE INSTITUTED AGAINST DAVID LERNER ASSOCIATES ("DLA") . IN ANTIC. OF THE PROCEEDINGS DLA SUBMITTED OFFER SETTLEMENT WHICH SEC ACCEPTED.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/19/2004

Docket/Case Number: SEC ADMIN FILE 3-11492; REL 33-8423

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: 05/19/2004

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

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: DLA AGREED TO & WAS CENSURED. ALSO PD. \$50,000 FINE.AGREED TO CEASE & DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS OR FUTURE VIOLATIONS OF SECTION 17(A)(1)OF 1934 ACT & RULE 17A-3 THEREUNDER.AGREED TO HAVE INDEP. REVIEW PERSON EXAMINE



CERTAIN DLA PROCEDURES & SYSTEMS RELATING TO SALES OF DLA
UNDERWRITTEN & PROPRIETARY PRODUCTS.

Disclosure 12 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2820, 2830, 3010 - RESPONDENT MEMBER CONDUCTED SALES CONTESTS IN WHICH THE FIRM DIRECTLY OR INDIRECTLY MADE PAYMENTS OR OFFERS OF PAYMENTS OF NON-CASH COMPENSATION TO ITS REGISTERED REPRESENTATIVES AND ASSOCIATED PERSONS; THE CONTESTS WERE NOT BASED ON THE TOTAL PRODUCTION OF THE REPS AND ASSOCIATED PERSONS WITH RESPECT TO ALL MUTUAL FUNDS OR VARIABLE CONTRACTS DISTRIBUTED OR OFFERED BY THE FIRM AND THE CREDIT RECEIVED FOR SALES OF EACH MUTUAL FUND OR VARIABLE CONTRACT WAS NOT EQUALLY WEIGHTED AND OFTEN EXCLUDED NON-PROPRIETARY FUNDS OR GAVE CERTAIN MUTUAL FUNDS OR VARIABLE CONTRACTS GREATER WEIGHT FOR CONTEST PURPOSES; ACTING THROUGH AN INDIVIDUAL, FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF EACH REGISTERED REP AND ASSOCIATED PERSON REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE INVESTMENT COMPANY SECURITIES AND VARIABLE CONTRACTS NON-CASH COMPENSATION PROVISIONS OF NASD RULES 2820 AND 2830; AND ACTING THROUGH AN INDIVIDUAL, FAILED TO REASONABLY SUPERVISE THE FIRM'S REGISTERED REPRESENTATIVES AND ASSOCIATED PERSONS WITH A VIEW TO PREVENT VIOLATIONS OF THE INVESTMENT COMPANY SECURITIES AND VARIABLE CONTRACTS NON-CASH COMPENSATION PROVISIONS OF NASD RULES 2820 AND 2830.
Initiated By:	NASD
Date Initiated:	04/02/2004
Docket/Case Number:	CLI040007
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:	04/02/2004



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

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, DAVID LERNER ASSOCIATES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS CENSURED AND FINED \$100,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD ALLEGED VIOLATIONS OF ITS RULES 2110,2820,2830 & 3010 IN THAT THE FIRM CONDUCTED SALES CONTESTS WHERE NOT ALL MUTUAL FUNDS &/OR VARIABLE ANNUITIES WERE GIVEN THE SAME WEIGHT FOR CREDIT FOR THE CONTESTS. ALSO ALLEGED FAILURE TO SUPERVISE FIRM'S RRS TO PREVENT VIOLATIONS OF NON-CASH COMPENSATION RULES

Initiated By: NASD

Date Initiated: 04/02/2004

Docket/Case Number: CLI040007

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/02/2004

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

Sanction Details: \$100,000 FINE PAID MAY 4, 2004

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS DAVID LERNER ASSOCIATES, INC CONSENTED TO THE DESCRIBED SANCTIONS. THEREFORE, THE FIRM WAS CENSURED AND FINED \$100,000.

Disclosure 13 of 21

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 2110 - RESPONDENT MEMBER SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH BREAKPOINT DISCOUNTS DESCRIBED IN THE PROSPECTUSES OF THE FUNDS; FAILED TO GIVE ITS CUSTOMERS BREAKPOINT DISCOUNTS IN 64.88% OF ELIGIBLE MUTUAL FUND TRANSACTIONS IN 2001 AND 2002 THAT RESULTED IN MISSED BREAKPOINTS THAT WOULD HAVE REDUCED CUSTOMERS' CHARGES BY AT LEAST \$32,711 ON THEIR PURCHASES OF MUTUAL FUND SHARES WITH FRONT-END LOADS DURING THE RELEVANT PERIOD.

Initiated By: NASD

Date Initiated: 02/12/2004

Docket/Case Number: CAF040013

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/12/2004

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

Sanctions Ordered: Censure



Monetary/Fine \$32,711.00

Other Sanctions Ordered:

UNDERTAKINGS.

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$32,711, AND REQUIRED TO PROVIDE WRITTEN NOTIFICATION TO EACH CUSTOMER WHO PURCHASED FRONT-END LOAD MUTUAL FUNDS THROUGH THE FIRM FROM JANUARY 1, 1999 THROUGH NOVEMBER 3, 2003 THAT THE FIRM EXPERIENCED A PROBLEM DELIVERING BREAKPOINT DISCOUNTS AND THAT AS A RESULT, THE CUSTOMER MAY BE ENTITLED TO A REFUND; PERFORM A TRADE-BY-TRADE ANALYSIS OF ALL FRONT-END LOAD MUTUAL FUND PURCHASES OF \$2,500 OR MORE AND ALL OVERCHARGES IDENTIFIED REFUNDED BY MARCH 31, 2004; PROVIDE REFUNDS TO ALL CUSTOMERS WHO DID NOT RECEIVE ALL APPLICABLE BREAKPOINT DISCOUNTS AS DESCRIBED IN NTM 03-47; PROVIDE NASD A REPORT ON RESPONDENT'S REFUND PROGRAM BY 4/16/04; AND NOT LATER THAN SIX MONTHS AFTER THE DATE OF THIS ORDER, RESPONDENT'S CHIEF EXECUTIVE OFFICER OR ANOTHER SENIOR EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO NASD THAT RESPONDENT HAS IMPLEMENTED PROCEDURES AND A SYSTEM FOR APPLYING SUCH PROCEDURES THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES TO PROVIDE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS.

Reporting Source:

Firm

Current Status:

Final

Allegations:

VIOLATION OF NASD RULE 2110. RESPONDENT SOLD SHS. ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUST. WITH BREAKPOINT DISCOUNTS DESCRIBED IN THE FUNDS' PROSPECTUSES; FAILED TO GIVE 64.88% OF ELIGIBLE MUTUAL FUND CUST. IN 2001 AND 2002 DISCTS THAT WOULD HAVE REDUCED CUST. CHARGES BY AT LEAST \$32,711 ON THEIR PURCH. OF FRONT-END LOAD SHS.

Initiated By:

NASD

Date Initiated:

02/12/2004

Docket/Case Number:

CAF040013

Principal Product Type:

Mutual Fund(s)

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/12/2004
Sanctions Ordered:	Censure Monetary/Fine \$32,711.00
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	FINE PAID 02/25/2004
Firm Statement	WITHOUT ADMIT.OR DENY. ALLEGATIONS, RESPONDENT CONSENTED TO DESCRIBED SANCTIONS AND TO ENTRY OF FINDINGS; FIRM THEREFORE IS CENSURED, FINED \$32,711 AND REQ. TO NOTIFY IN WRITING, EACH CUST WHO BOT FRONT-END LOAD FUNDS 01/99 THRU 11/03/03 THAT FIRM HAD A PROBLEM DELIV. BK. PTS. & THEY MAY BE ENTITLED TO REF.; ALSO DO TRADE BY TRADE ANAL., ETC.

Disclosure 14 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	12-15-99, DECEMBER 16, 1999, THE DEPARTMENT OF ENFORCEMENT ACCEPTED THE LETTER OF ACCEPTANCE,WAIVER AND CONSENT SUBMITTED BY DAVID LERNER ASSOCIATES, INC.WHEREBY THE FIRM FAILED TO REPORT MUNICIPAL SECURITIES TRADES ON A TIMELY AND ACCURATE BASIS DURING THE PERIOD JANUARY THROUGH JUNE 1999 IN VIOLATION OF MUNICIPAL SECURITIES RULEMAKING BOARD RULES G-12 AND G-14.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/16/1999
Docket/Case Number:	CAF990026
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 12/16/1999
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: FINED \$1,000
Regulator Statement 05-22-00, \$1,000 PAID ON 1/03/00, INVOICE #99-AF-1047

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF MSRB RULES G-12 AND G-14 BY VIRTUE OF FAILURE TO PROVIDE ACCURATE AND TIMELY INFORMATION REGARDING MUNICIPAL SECURITIES TRADES TO THE NSCC DURING THE FIRST HALF OF 1999.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 10/21/1999
Docket/Case Number: CAF990026
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 12/16/1999
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: TOTAL FINE (MAXIMUM \$1000)LEVIED AGAINST DAVID LERNER ASSOCIATES, INC.
Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGED VIOLATIONS THE FIRM CONSENTED TO THE ALLEGATIONS IN ITEM 7, AND THE SANCTION IN ITEM



12.

Disclosure 15 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT MEMBER, ON TWO OCCASIONS, WAS REQUIRED TO SEND COMPLETED FORMS G-37/G-38 TO THE MUNICIPAL SECURITIES RULEMAKING BOARD BY A CERTAIN DATE. BY FAILING TO DO SO, THE RESPONDENT TWICE VIOLATED MSRB RULE G-37(E)(II).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/11/1999
Docket/Case Number:	C10990164
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	\$1,000.00 FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/11/1999
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	\$1,000.00 FINE

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF MSRB RULE G-37(E)(II) FOR LATE FILINGS OF FORM G-37/G38 FOR JULY 31,1997 AND OCTOBER 31,1997.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/18/1997
Docket/Case Number:	C10990164



Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/11/1999

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: TOTAL FINE OF \$1000 LEVIED AGAINST DAVID LERNER ASSOCIATES, INC.

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGED VIOLATIONS THE FIRM CONSENTED TO THE ALLEGATIONS IN ITEM 7 AND THE SANCTION IN ITEM 12.

Disclosure 16 of 21

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/06/1991

Docket/Case Number: C10910191

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/06/1991

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

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

ON DECEMBER 6, 1991, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT C10910191 (DISTRICT NO. 10) SUBMITTED BY RESPONDENTS DAVID LERNER ASSOCIATES, INC. AND CONSTANCE T. FERREIRA WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$7,500, JOINTLY AND SEVERALLY - (ARTICLE III, SECTIONS 1 AND 21 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT FERREIRA, FAILED TO PREPARE ACCURATE COMPUTATIONS OF THE CUSTOMER RESERVE FORMULA; FAILED TO MAINTAIN THE REQUIRED BALANCE IN THE SPECIAL RESERVE ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS; AND, FAILED TO IMMEDIATELY FILE TELEGRAPHIC NOTICE OF DEFICIENCIES).

\$7,500.00 J&S PAID ON 1/3/92 INVOICE #91-10-1442

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF SEC RULE 15C3-3

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/02/1989

Docket/Case Number: C10910191

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/09/1991

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

Other Sanctions Ordered:**Sanction Details:**

APPLICANT AND CONSTANCE FERREIRA, FINOP, WERE CENSURED AND JOINTLY AND SEVERALLY FINED \$7500.

**Firm Statement**

DURING ROUTINE NASD EXAMINATION, NASD FOUND FIRM FAILED TO PREPARE ACCURATE COMPUTATIONS OF CUSTOMER RESERVE FORMULA, FAILED TO MAINTAIN THE REQUIRED BALANCE IN A SPECIAL RESERVE ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AND FAILED TO IMMEDIATELY FILR TELEGRAPHIC NOTICE OF DEFICIENCIES. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE FINDINGS.

Disclosure 17 of 21

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/06/1991

Docket/Case Number: C10910192

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

Resolution: Consent

Resolution Date: 12/06/1991

Sanctions Ordered: Censure
Monetary/Fine \$1,500.00
Disgorgement/Restitution

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

ON DECEMBER 6, 1991, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT C10910192 (DISTRICT NO. 10) SUBMITTED BY RESPONDENTS DAVID LERNER ASSOCIATES, INC. AND DAVID BECKERMAN WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$1,500, JOINTLY AND SEVERALLY; AND, RESPONDENT MEMBER IS TO REPAY A PORTION OF THE COMMISSIONS PAID IN THE AMOUNT OF \$1,500 - (ARTICLE III,



SECTIONS 1 AND 2 OF THE RULES OF FAIR PRACTICE - BECKERMAN, ACTING ON BEHALF OF RESPONDENT MEMBER, SOLD THREE DIFFERENT MUTUAL FUNDS WITH THE SAME INVESTMENT OBJECTIVE TO A PUBLIC CUSTOMER, WITH ALL OF THE PURCHASES BEING BELOW THE BREAKPOINT DISCOUNT).

\$1,500.00 J&S PAID ON 1/14/92 INVOICE #92-10-52

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO COMPLY WITH ARTICLE II, SEC 2 OF NASD RULES OF FAIR PRACTICE-ONE CUSTOMER WAS SOLD 3 DIFFERENT MUTUAL FUNDS WITH THE SAME INVESTMENT OBJECTIVE, WITH ALL PURCHASES BELOW BREAKPOINT DISCOUNT.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/02/1989

Docket/Case Number: C10910192

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE; RESTITUTION TO CUSTOMER OF \$1500 IN COMMISSIONS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/06/1991

Sanctions Ordered: Censure
Monetary/Fine \$1,500.00

Other Sanctions Ordered:

Sanction Details: APPLICANT WAS CENSURED; PAID JOINT AND SEVERAL FINE OF \$1500 AND REPAID CUSTOMER \$1500 IN COMMISSIONS

Firm Statement WITHOUT ADMITTING OR DENYING THE COMPLAINT ALLEGATIONS, THE FIRM CONSENTED TO THE ALLEGATIONS IN #7 AND THE SANCTIONS IN # 12.



Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 08/29/1988
Docket/Case Number: NY-6046

Principal Product Type:**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 04/02/1990**Sanctions Ordered:** Censure
Monetary/Fine \$10,000.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

COMPLAINT NO. NY-6046 FILED AUGUST 29, 1988 BY DISTRICT NO. 12 AGAINST RESPONDENTS DAVID LERNER ASSOCIATES, INC. AND DAVID EMANUEL LERNER ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 35 OF THE RULES OF FAIR PRACTICE AND MSRB RULE G-21 THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT LERNER, PUBLISHED CERTAIN ADVERTISEMENTS FOR TAX-FREE MUNICIPAL BONDS THAT WERE MISLEADING; PUBLISHED OR CAUSED TO BE PUBLISHED CERTAIN ADVERTISEMENTS FOR GINNIE MAE SECURITIES THAT WERE MISLEADING IN THAT THE ADVERTISEMENTS STATE IN LARGE, BOLDFACE PRINT THAT THE CURRENT YIELD QUOTED IS "GOVERNMENT GUARANTEED", AN IMPRESSION THAT THE FINE PRINT EXPLANATION IN THE ADVERTISEMENTS DOES NOT DISPEL; PUBLISHED OR CAUSED TO BE PUBLISHED ADVERTISEMENTS FOR MUTUAL FUNDS THAT WERE MISLEADING OR OTHERWISE INAPPROPRIATE; PUBLISHED OR CAUSED TO BE PUBLISHED CERTAIN RECRUITMENT ADVERTISEMENTS THAT CITE SPECIFIC



EARNINGS
FIGURES THAT ARE NOT REASONABLE UNDER THE CIRCUMSTANCES.

AMENDED COMPLAINT FILED DECEMBER 8, 1988 TO INCLUDE ALLEGATIONS THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENT LERNER, PUBLISHED OR CAUSED TO BE PUBLISHED ADVERTISEMENTS FOR "DAVEY MAES" THAT WERE MATERIALLY MISLEADING.

DECISION RENDERED JULY 26, 1989, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY THE RESPONDENTS WAS ACCEPTED; THEREFORE, RESPONDENT DAVID LERNER ASSOCIATES, INC. IS CENSURED, FINED \$10,000.00; AND, FOR A PERIOD OF ONE YEAR SHALL FILE ALL MEDIA ADVERTISEMENTS WITH THE ASSOCIATION'S ADVERTISING DEPARTMENT WITHIN FIVE BUSINESS DAYS PRIOR TO PUBLICATION; AND, RESPONDENT DAVID EMANUEL LERNER IS CENSURED AND FINED \$5,000.00.

*****\$10,000.00 PAID 9/12/89.

AMENDED DECISION RENDERED APRIL 2, 1990, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS WAS ACCEPTED. NO MODIFICATIONS WERE MADE IN RELATION TO THE FINDINGS AND SANCTIONS OF THE DECISION RENDERED ON JULY 26, 1989.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF NASD AND MSRB RULES RELATING TO ADVERTISEMENTS OF VARIOUS PRODUCTS

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS INC.

Date Initiated: 08/29/1988

Docket/Case Number: NY-6046

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:



Resolution:	Settled
Resolution Date:	07/26/1989
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	APPLICANT WAS FINED \$40,000; IN ADDITION, DAVID LERNER WAS FINED \$5,000.
Firm Statement	NASD ACCEPTED OFFER OF SETTLEMENT; PROVIDED FOR SANCTIONS IN #12; IN ADDITION APPLICANT AGREED TO PRE-FILE ADVERTISING FOR ONE YEAR.

Disclosure 19 of 21

Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLETIONS OF ARTICLE III, SECTIONS 1, 19 AND 21 OF THE RULES OF FAIR PRACTICE (RFP) IN THAT RESPONDENT MEMBER FAILED TO COMPLY WITH PROVISIONS OF SEC RULE 15C3-3 AND 8C-1; FAILED TO PREPARE ACCURATE BOOKS AND RECORDS; AND, PUBLISHED FOR USE MATERIALLY FALSE AND MISLEADING ADVERTISEMENTS IN CONTRAVENTION OF MSRB RULE G-21 AND SECTION 35 OF THE RFP.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/13/1986
Docket/Case Number:	NY-4004
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	10/27/1987
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	



Sanction Details:

RESPONDENT MEMBER IS CENSURED, FINED \$10,000 AND REQUIRED TO CONSENT TO AN UNDERTAKING TO MAINTAIN AND NOT MAKE MATERIAL CHANGES IN FIRM PROCEDURES AND SYSTEMS WITHOUT PRIOR WRITTEN NOTIFICATION TO NASD IN THAT ALL GOVERNMENT SECURITIES ACCOUNTS SHALL CONTINUE TO BE CARRIED ON THE FIRM'S BOOKS AND RECORDS; SHALL CONTINUE TO COMPUTE RESERVE REQUIREMENTS IN ACCORDANCE WITH RULE 15C3-3; SHALL CONTINUE TO MAINTAIN A SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS; SHALL PROMPTLY OBTAIN AND THEN MAINTAIN PHYSICAL POSSESSION/CONTROL OF CUSTOMER FULLY-PAID SECURITIES; SHALL CONTINUE TO SELF-CLEAR MUNICIPAL SECURITIES TRANSACTIONS; SHALL MAINTAIN ITS PARTICIPATION IN THE DEPOSITORY TRUST CORPORATION WITH RESPECT TO MUNICIPAL SECURITIES TRANSACTIONS; SHALL CONTINUE TO CLEAR GOVERNMENT SECURITIES TRANSACTIONS THROUGH SECURITY PACIFIC CLEARING AND SERVICES CORPORATION; SHALL CONTINUE TO MAINTAIN ACCESS TO AN ON-LINE COMPUTER SYSTEM THAT FACILITATES THE PROCESSING AND DAILY VERIFICATION OF SECURITIES TRANSACTIONS; AND CONTINUE TO MAINTAIN REVIEW PROCEDURES TO ASSURE COMPLIANCE WITH ADVERTISING REQUIREMENTS.

Regulator Statement

[TOP] 9/17/86: COMPLAINT NO. NY-4004 FILED 8/13/86 BY DISTRICT NO. 12 AGAINST DAVID LERNER ASSOCIATES, INC. AND DAVID LERNER ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 19 AND 21 OF THE RULES OF FAIR PRACTICE (RFP) IN THAT RESPONDENT MEMBER FAILED TO COMPLY WITH PROVISIONS OF SEC RULE 15C3-3 AND 8C-1; FAILED TO PREPARE ACCURATE BOOKS AND RECORDS; AND, PUBLISHED FOR USE MATERIALLY FALSE AND MISLEADING ADVERTISEMENTS IN CONTRAVENTION OF MSRB RULE G-21 AND SECTION 35 OF THE RFP. 9/12/86; AMENDED TO SHOW ALLEGED VIOLATIONS OF ARTICLE III, SECTIONS 1, 19 AND 21 BY RESPONDENT MEMBER. 3/25/87; AMENDED TO INCLUDE THE PERIOD 2/25/85 - 2/13/86 IN CONNECTION WITH ALLEGATIONS OF MISLEADING ADVERTISEMENTS. 10/27/87; RESPONDENTS? OFFER OF SETTLEMENT WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED, FINED \$10,000 AND REQUIRED TO CONSENT TO AN UNDERTAKING TO MAINTAIN AND NOT MAKE MATERIAL CHANGES IN FIRM PROCEDURES AND SYSTEMS WITHOUT PRIOR WRITTEN NOTIFICATION TO NASD IN THAT ALL GOVERNMENT SECURITIES ACCOUNTS SHALL CONTINUE TO BE CARRIED ON THE FIRM'S BOOKS AND RECORDS; SHALL CONTINUE TO COMPUTE RESERVE REQUIREMENTS IN ACCORDANCE WITH RULE 15C3-3; SHALL CONTINUE TO MAINTAIN A SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS; SHALL PROMPTLY OBTAIN AND THEN MAINTAIN PHYSICAL POSSESSION/CONTROL OF CUSTOMER FULLY-PAID SECURITIES; SHALL



CONTINUE TO SELF-CLEAR MUNICIPAL SECURITIES TRANSACTIONS; SHALL MAINTAIN ITS PARTICIPATION IN THE DEPOSITORY TRUST CORPORATION WITH RESPECT TO MUNICIPAL SECURITIES TRANSACTIONS; SHALL CONTINUE TO CLEAR GOVERNMENT SECURITIES TRANSACTIONS THROUGH SECURITY PACIFIC CLEARING AND SERVICES CORPORATION; SHALL CONTINUE TO MAINTAIN ACCESS TO AN ON-LINE COMPUTER SYSTEM THAT FACILITATES THE PROCESSING AND DAILY VERIFICATION OF SECURITIES TRANSACTIONS; AND CONTINUE TO MAINTAIN REVIEW PROCEDURES TO ASSURE COMPLIANCE WITH ADVERTISING REQUIREMENTS.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF BROKER-DEALER RESERVE, ADVERTISING AND RECORD KEEPING REQUIREMENTS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/13/1986

Docket/Case Number: NY-4004

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 10/27/1987

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: APPLICANT PAID \$10000 FINE, WAS CENSURED AND AGREED TO MAINTAIN IN PLACE CERTAIN BACK OFFICE PROCEDURES.

Firm Statement NASD ACCEPTED OFFER OF SETTLEMENT; PROVIDED FOR SANCTIONS IN #12; IN ADDITION, APPLICANT AGREED TO MAINTAIN IN PLACE CERTAIN BACK OFFICE PROCEDURES.

Disclosure 20 of 21

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 01/25/1980
Docket/Case Number: NY-2007
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 06/24/1981
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details:
Regulator Statement COMPLAINT NY-2007 FILED 1-25-80
 DISTRICT 12
 5-27-81: CENSURED; FINED \$2,500 J & S
 5-27-81: ALL RIGHTS WAIVED
 5-27-81: FINAL
 6-24-81: FC# 8000 PAID J & S

Reporting Source: Firm
Current Status: Final
Allegations: VIOLATION OF CERTAIN MSRB RULES
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 01/25/1980



Docket/Case Number: NY-2007
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought:
Resolution: Settled
Resolution Date: 05/27/1981
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details: APPLICANT PAID \$2500 FINE AND WAS CENSURED.
Firm Statement NASD ACCEPTED OFFER OF SETTLEMENT; PROVIDED FOR SANCTIONS IN #12.

Disclosure 21 of 21

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 06/05/1979
Docket/Case Number: AWC-251
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 06/05/1979



Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	COMPLAINT #AWC-251 FILED 6-5-79 DISTRICT #12 6-5-79: CENSURED 6-5-79: FINAL
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF SEC RULES 240.15C3-1(A); 240.17A-5 AND MSRB RULE G-12(C).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/20/1978
Docket/Case Number:	AWC-251
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/02/1979
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	APPLICANT WAS CENSURED
Firm Statement	DBCC ACCEPTED AWC REGARDING ALLEGED VIOLATIONS. APPLICANT AND DAVID LERNER AGREED TO A CENSURE.

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 17

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	03/02/2000
Case Number:	00-00175
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; GINNIE MAES; REAL ESTATE INVESTMENT TRUST
Sum of All Relief Requested:	\$135,820.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/29/2002
Sum of All Relief Awarded:	\$21,500.00

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

Disclosure 2 of 17

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; TRADING DISPUTES-MARK-UPS
Arbitration Forum:	NASD
Case Initiated:	06/22/2000
Case Number:	00-02596



Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS
Sum of All Relief Requested: \$107,502.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/05/2002
Sum of All Relief Awarded: \$11,990.07

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 17

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 10/05/2001
Case Number: [01-05118](#)
Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$51,766.89
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/21/2002
Sum of All Relief Awarded: \$27,725.00

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 17

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-TRANSFER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 09/27/2002
Case Number: [02-04941](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$1,600,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/18/2004
Sum of All Relief Awarded: \$215,500.00

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

Disclosure 5 of 17

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
Arbitration Forum: NASD
Case Initiated: 12/05/2002
Case Number: [02-07235](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$1,362,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/13/2003
Sum of All Relief Awarded: \$77,000.01

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

Disclosure 6 of 17

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-ERRORS-CHARGES; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 06/13/2003

Case Number: [03-04200](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$45,000.02

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/12/2004

Sum of All Relief Awarded: \$3,692.13

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 17

Reporting Source: Regulator

Type of Event: ARBITRATION

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

Arbitration Forum: NASD

Case Initiated: 01/26/2005

Case Number: [05-00359](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS

Sum of All Relief Requested: \$48,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/15/2006

Sum of All Relief Awarded: \$10,000.00

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

Disclosure 8 of 17

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	FINRA
Case Initiated:	02/02/2009
Case Number:	09-00067
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS
Sum of All Relief Requested:	\$12,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/10/2009
Sum of All Relief Awarded:	\$10,000.00

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

Disclosure 9 of 17

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	12/02/2011
Case Number:	11-04228
Disputed Product Type:	REAL ESTATE INVESTMENT TRUST
Sum of All Relief Requested:	\$25,000.00
Disposition:	AWARD AGAINST PARTY



Disposition Date: 05/21/2012

Sum of All Relief Awarded: \$24,875.00

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 17

Reporting Source: Regulator

Type of Event: ARBITRATION

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

Arbitration Forum: FINRA

Case Initiated: 05/23/2012

Case Number: [12-01806](#)

Disputed Product Type: REAL ESTATE INVESTMENT TRUST

Sum of All Relief Requested: \$1,558,777.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/25/2014

Sum of All Relief Awarded: \$260,000.00

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

Disclosure 11 of 17

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 RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 10/28/2015



Case Number: [15-02855](#)
Disputed Product Type: MUNICIPAL BOND FUNDS
Sum of All Relief Requested: \$162,407.95
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/24/2017
Sum of All Relief Awarded: \$19,478.01

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 17

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD;
ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION
OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY;
ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-
NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 05/02/2016
Case Number: [16-01059](#)
Disputed Product Type: MUNICIPAL BONDS
Sum of All Relief Requested: \$500,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/13/2017
Sum of All Relief Awarded: \$205,497.00

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 17

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-SUITABILITY; DO NOT USE-NO OTHER CONTROVERSY



INVOLVED

Arbitration Forum: NASD

Case Initiated: 04/03/1991

Case Number: [91-00552](#)

Disputed Product Type: CORPORATE BONDS; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$24,869.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/28/1991

Sum of All Relief Awarded: \$20,991.78

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 17

Reporting Source: Regulator

Type of Event: ARBITRATION

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

Arbitration Forum: NASD

Case Initiated: 09/14/1992

Case Number: [92-02728](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS

Sum of All Relief Requested: \$58,324.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/21/1994

Sum of All Relief Awarded: \$8,133.00

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

Disclosure 15 of 17

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 10/21/1993

Case Number: [93-03696](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS

Sum of All Relief Requested: \$400,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/31/1995

Sum of All Relief Awarded: \$20,000.00

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

Disclosure 16 of 17

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/18/1995

Case Number: [94-04939](#)

Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; FANNIE MAE

Sum of All Relief Requested: Unspecified Damages

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/15/1996

Sum of All Relief Awarded: \$150.00

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

**Disclosure 17 of 17**

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	10/02/1997
Case Number:	97-04240
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS
Sum of All Relief Requested:	\$600,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/13/1998
Sum of All Relief Awarded:	\$21,000.00

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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