

**BrokerCheck Report**

**LPL FINANCIAL LLC**

CRD# 6413

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



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

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



## LPL FINANCIAL LLC

CRD# 6413

SEC# 8-17668

### Main Office Location

75 STATE STREET, 22ND FLOOR  
BOSTON, MA 02109  
Regulated by FINRA Boston Office

### Mailing Address

75 STATE STREET, 22ND FLOOR  
BOSTON, MA 02109

### Business Telephone Number

617-423-3644

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

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

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a limited liability company.

This firm was formed in California on 11/15/2010.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

#### This firm is registered with:

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

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

This firm conducts 17 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	125
Arbitration	54
Bond	4



## Firm Profile

This firm is classified as a limited liability company.

This firm was formed in California on 11/15/2010.

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.

### LPL FINANCIAL LLC

Doing business as LPL FINANCIAL LLC

CRD# 6413

SEC# 8-17668

### Main Office Location

75 STATE STREET, 22ND FLOOR  
BOSTON, MA 02109

Regulated by FINRA Boston Office

### Mailing Address

75 STATE STREET, 22ND FLOOR  
BOSTON, MA 02109

### Business Telephone Number

617-423-3644

## Other Names of this Firm

Name	Where is it used
LPL	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY

LPL FINANCIAL

AK, AL, AR, AZ, CA,  
CO, CT, DC, DE, FL,  
GA, HI, IA, ID, IL, IN,  
KS, KY, LA, MA, MD,  
ME, MI, MN, MO,  
MS, MT, NC, ND, NE,  
NH, NJ, NM, NV, NY,  
OH, OK, OR, PA, PR,  
RI, SC, SD, TN, TX,  
UT, VA, VT, WA, WI,  
WV, WY



## 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):** LPL HOLDINGS, INC.

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

**Position** MANAGING MEMBER

**Position Start Date** 04/1989

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** ARNOLD, DAN HOGAN JR  
2557410

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

**Position** PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Position Start Date** 01/2017

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** AUDETTE, MATTHEW JON  
4003349

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

**Position** MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER

**Position Start Date** 09/2015

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** CALDER, TRACY ELLEN  
2611255

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

**Position** MANAGING DIRECTOR, CHIEF RISK OFFICER

**Position Start Date** 08/2018

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** GOOLEY, THOMAS ANDREW  
4526760

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

**Position** MANAGING DIRECTOR, SERVICE, TRADING & OPERATIONS AND PRINCIPAL OPERATIONS OFFICER

**Position Start Date** 07/2015

**Percentage of Ownership** Less than 5%

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

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



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Legal Name & CRD# (if any):** KALBAUGH, JOHN ANDREW  
1821773

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

**Position** MANAGING DIRECTOR AND DIVISIONAL PRESIDENT, NATIONAL SALES & CONSULTING

**Position Start Date** 03/2015

**Percentage of Ownership** Less than 5%

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

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

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**Legal Name & CRD# (if any):** LARSEN, SALLIE REBECCA  
6061146

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

**Position** MANAGING DIRECTOR, CHIEF HUMAN CAPITAL OFFICER

**Position Start Date** 05/2012

**Percentage of Ownership** Less than 5%

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

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

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**Legal Name & CRD# (if any):** O'NEILL, JOHN HUGH  
4970379

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

**Position** SENIOR VICE PRESIDENT, CHIEF COMPLIANCE OFFICER, BROKERAGE

**Position Start Date** 08/2018



## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** OROSCHAKOFF, MICHELLE  
2403199

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

**Position** MANAGING DIRECTOR, CHIEF LEGAL OFFICER

**Position Start Date** 04/2018

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** RING, KATHERINE DAILEY  
4934458

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

**Position** SENIOR VICE PRESIDENT, CHIEF COMPLIANCE OFFICER, ADVISORY

**Position Start Date** 10/2018

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** SEESE, SCOTT ALAN

## Firm Profile



### Direct Owners and Executive Officers (continued)

	6831603
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	MANAGING DIRECTOR, CHIEF INFORMATION OFFICER
<b>Position Start Date</b>	07/2017
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	STEINMEIER, RICHARD C 5109512
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	MANAGING DIRECTOR AND DIVISIONAL PRESIDENT, BUSINESS DEVELOPMENT
<b>Position Start Date</b>	08/2018
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	WHITE, GEORGE BURTON 3057759
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	MANAGING DIRECTOR, INVESTOR & INVESTMENT SOLUTIONS
<b>Position Start Date</b>	11/2007
<b>Percentage of Ownership</b>	Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

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## Firm Profile

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

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	LPL FINANCIAL HOLDINGS INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	LPL HOLDINGS, INC.
<b>Relationship to Direct Owner</b>	PARENT COMPANY
<b>Relationship Established</b>	12/2005
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	Yes

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## Firm History

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



<b>This firm was previously:</b>	LPL FINANCIAL CORPORATION
<b>Date of Succession:</b>	11/15/2010
<b>Predecessor CRD#:</b>	6413
<b>Predecessor SEC#:</b>	8-17668
<b>Description</b>	LPL FINANCIAL LLC ASSUMED ALL ASSETS AND LIABILITIES OF LPL FINANCIAL CORPORATION. THE CHANGE TO AN LLC RESULTED IN NO CHANGES TO OWNERSHIP OR CONTROL.

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## Firm Operations

### Registrations

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

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

Federal Regulator	Status	Date Effective
SEC	Approved	08/10/1973

### 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	02/16/1973



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	01/11/1983
Alaska	Approved	08/11/1983
Arizona	Approved	11/03/1978
Arkansas	Approved	03/07/1983
California	Approved	09/28/1973
Colorado	Approved	02/01/1983
Connecticut	Approved	06/09/1983
Delaware	Approved	10/06/1981
District of Columbia	Approved	10/10/1981
Florida	Approved	04/27/1983
Georgia	Approved	09/22/1981
Hawaii	Approved	02/24/1986
Idaho	Approved	06/24/1980
Illinois	Approved	07/15/1980
Indiana	Approved	10/21/1981
Iowa	Approved	07/14/1983
Kansas	Approved	04/08/1982
Kentucky	Approved	07/16/1982
Louisiana	Approved	04/20/1983
Maine	Approved	02/14/1984
Maryland	Approved	10/03/1981
Massachusetts	Approved	07/31/1981
Michigan	Approved	02/03/1983
Minnesota	Approved	07/15/1982
Mississippi	Approved	01/13/1983
Missouri	Approved	07/18/1983
Montana	Approved	04/20/1983
Nebraska	Approved	09/21/1982
Nevada	Approved	07/18/1983
New Hampshire	Approved	02/02/1983
New Jersey	Approved	07/14/1983
New Mexico	Approved	10/07/1981
New York	Approved	06/10/1983

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/15/1982
North Dakota	Approved	10/17/1983
Ohio	Approved	07/16/1982
Oklahoma	Approved	07/17/1982
Oregon	Approved	10/24/1981
Pennsylvania	Approved	11/06/1980
Puerto Rico	Approved	10/26/1994
Rhode Island	Approved	04/13/1983
South Carolina	Approved	10/28/1981
South Dakota	Approved	07/15/1982
Tennessee	Approved	08/17/1981
Texas	Approved	07/25/1983
Utah	Approved	04/21/1983
Vermont	Approved	02/13/1984
Virgin Islands	Approved	04/01/2005
Virginia	Approved	10/01/1981
Washington	Approved	05/05/1983
West Virginia	Approved	03/16/1983
Wisconsin	Approved	03/04/1982
Wyoming	Approved	02/24/1982



## 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 17 types of businesses.**

#### Types of Business

Exchange member engaged in exchange commission business other than floor activities
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Solicitor of time deposits in a financial institution
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Trading securities for own account
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Other - LPL FINANCIAL LLC IS AN SEC-REGISTERED INVESTMENT ADVISOR AS WELL AS A FINRA-REGISTERED BROKER/DEALER. THE PRINCIPAL BUSINESS ADDRESS AND CONTROL PERSONS WITH RESPECT TO THE ADVISORY ACTIVITIES OF LPL FINANCIAL LLC ARE THE SAME AS THE BROKER/DEALER ADDRESS AND CONTROL PERSONS. LPL FINANCIAL LLC IS ALSO REGISTERED AS A TRANSFER AGENT WITH THE SEC.

#### Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: 13B LPL FINANCIAL LLC IS A GENERAL AGENT FOR LIFE AND DISABILITY INSURANCE.  
LPL FINANCIAL LLC TRANSACTS BUSINESS AS AN INTRODUCING



BROKER, TRADING ON A FULLY-DISCLOSED BASIS FOR ITS CUSTOMERS IN COMMODITIES, COMMODITY FUTURES, AND COMMODITY OPTIONS THROUGH ADM INVESTOR SERVICES, CHICAGO BOARD OF TRADING BUILDING, 141 WEST JACKSON BLVD., SUITE 1600A, CHICAGO, IL 60604.

## **Firm Operations**



### **Clearing Arrangements**

**This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).**

### **Introducing Arrangements**

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

## **Firm Operations**

### **Industry Arrangements**



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

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

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

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

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

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



## Firm Operations

### Organization Affiliates

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

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**FORTIGENT REPORTING COMPANY, LLC is under common control with the firm.**

<b>Business Address:</b>	1055 LPL WAY FORT MILL, SC 29715
<b>Effective Date:</b>	04/23/2012
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	LPL FINANCIAL LLC AND FORTIGENT REPORTING COMPANY, LLC ARE UNDER COMMON CONTROL. FORTIGENT HOLDINGS COMPANY, INC. IS THE HOLDING COMPANY FOR FORTIGENT REPORTING COMPANY, LLC. FORTIGENT HOLDINGS COMPANY, INC. AND LPL FINANCIAL LLC ARE BOTH WHOLLY-OWNED SUBSIDIARIES OF LPL HOLDINGS, INC.

**FORTIGENT STRATEGIES COMPANY, LLC is under common control with the firm.**

<b>Business Address:</b>	1055 LPL WAY FORT MILL, SC 29715
<b>Effective Date:</b>	04/23/2012
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	LPL FINANCIAL LLC AND FORTIGENT STRATEGIES, LLC ARE UNDER COMMON CONTROL. FORTIGENT HOLDINGS COMPANY, INC. IS THE

## Firm Operations



### Organization Affiliates (continued)

HOLDING COMPANY FOR FORTIGENT STRATEGIES, LLC. FORTIGENT HOLDINGS COMPANY, INC. AND LPL FINANCIAL LLC ARE BOTH WHOLLY-OWNED SUBSIDIARIES OF LPL HOLDINGS, INC.

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#### **FORTIGENT HOLDINGS COMPANY, INC. is under common control with the firm.**

**Business Address:** 1055 LPL WAY  
FORT MILL, SC 29715

**Effective Date:** 04/23/2012

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** No

**Description:** LPL FINANCIAL LLC AND FORTIGENT HOLDINGS COMPANY, INC. ARE BOTH WHOLLY-OWNED SUBSIDIARIES OF LPL HOLDINGS, INC. FORTIGENT HOLDINGS COMPANY, INC. IS THE HOLDING COMPANY FOR FORTIGENT, LLC, FORTIGENT STRATEGIES, LLC, AND FORTIGENT REPORTING COMPANY, LLC.

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#### **FORTIGENT, LLC is under common control with the firm.**

**CRD #:** 138164

**Business Address:** 1055 LPL WAY  
FORT MILL, SC 29715

**Effective Date:** 04/23/2012

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** LPL FINANCIAL LLC AND FORTIGENT, LLC ARE UNDER COMMON CONTROL. FORTIGENT HOLDINGS COMPANY, INC. IS THE HOLDING COMPANY FOR FORTIGENT, LLC. FORTIGENT HOLDINGS COMPANY, INC. AND LPL FINANCIAL LLC ARE BOTH WHOLLY-OWNED SUBSIDIARIES OF LPL HOLDINGS, INC.

## Firm Operations



### Organization Affiliates (continued)

**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.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	1	124	0
Arbitration	N/A	54	N/A
Bond	N/A	4	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 124

**Reporting Source:** Firm  
**Current Status:** Final





**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE SECURITIES DIVISION OF THE MISSISSIPPI SECRETARY OF STATE'S OFFICE (DIVISION) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN MISSISSIPPI; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO MISSISSIPPI RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** SECURITIES DIVISION OF THE MISSISSIPPI SECRETARY OF STATE'S OFFICE

**Date Initiated:** 10/11/2018

**Docket/Case Number:** LS-17-2768

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 10/11/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE



DIVISION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO MISSISSIPPI RESIDENTS IN VIOLATION OF MISSISSIPPI'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT OCTOBER 17, 2018.

### Firm Statement

THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DIVISION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY MISSISSIPPI STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

### Disclosure 2 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL SHALL CEASE AND DESIST FROM VIOLATING ARK. CODE ANN. § 23-42-301(F), ARK. CODE ANN. § 23-42-306 AND ARK. CODE ANN. § 23-42-501 AND WILL COMPLY WITH ARK. CODE ANN. § 23-42-301(F), ARK. CODE ANN. § 23-42-306 AND ARK. CODE ANN. § 23-42-501.
<b>Initiated By:</b>	ARKANSAS
<b>Date Initiated:</b>	10/03/2018
<b>Docket/Case Number:</b>	S-17-0078-18-OR-01



<b>URL for Regulatory Action:</b>	HTTP://WWW.SECURITIES.ARKANSAS.GOV!/USERFILES/LPL%20FINANCIAL%20LLC%20S-17-0078-18-OR01.PDF
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE CONSENT ORDER
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/17/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	ADMINISTRATIVE CONSENT ORDER
<b>Sanction Details:</b>	ADMINISTRATIVE CONSENT ORDER
<b>Regulator Statement</b>	THE ARKANSAS SECURITIES DEPARTMENT OPENED AN INVESTIGATION AS PART OF A COORDINATED INQUIRY BY STATE REGULATORS FROM MULTIPLE JURISDICTIONS OF LPL TO DETERMINE IF LPL MADE SALES TRANSACTIONS FOR ON-REGISTERED AND/OR NON-EXEMPT SECURITIES DURING THE TIME FRAME OF OCT 1, 2018 TO MAY 1,2018. AT THE END OF THE INQUIRY IT WAS DETERMINED THAT LPL VIOLATED THE ARKANSAS SECURITIES ACT RELATED TO THE SALE OF UNREGISTERED SECURITIES, FAILURE TO SUPERVISE, BOOKS AND RECORDS REQUIREMENTS.

### Disclosure 3 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND IMPLEMENT AN AUTOMATED ANTI-MONEY LAUNDERING (AML) PROGRAM REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF POTENTIALLY SUSPICIOUS ACTIVITY. THE FINDINGS



STATED THAT BECAUSE OF ITS UNREASONABLY DESIGNED AML PROGRAM, THE FIRM FAILED TO INVESTIGATE CERTAIN ATTEMPTS TO GAIN UNAUTHORIZED ACCESS TO ELECTRONIC SYSTEMS AND POTENTIAL ILLEGAL ACTIVITY CARRIED OUT BY ELECTRONIC SYSTEMS (COLLECTIVELY CYBER-RELATED EVENTS) THAT SHOULD HAVE RESULTED IN THE FILING OF SUSPICIOUS ACTIVITY REPORTS (SARS). THIS FAILURE STEMMED PRIMARILY FROM THE FIRM'S USE OF A FRAUD CASE CHART THAT PROVIDED INACCURATE GUIDANCE TO THE FIRM'S AML EMPLOYEES CONCERNING INVESTIGATION AND REPORTING REQUIREMENTS ASSOCIATED WITH SUSPICIOUS ACTIVITY RELATED TO INCIDENTS WHEN THIRD PARTIES USED ELECTRONIC MEANS TO ATTEMPT TO COMPROMISE A CUSTOMER'S EMAIL OR BROKERAGE ACCOUNT. UNRELATED TO THE CHART, SOME AML ANALYSTS FAILED TO INVESTIGATE NEGATIVE NEWS ALERTS CONCERNING FIRM CUSTOMERS BECAUSE THEY MISTAKENLY BELIEVED THAT THEY SHOULD INVESTIGATE ONLY THOSE ALERTS THAT INVOLVED FINANCIAL CRIME OR WHICH MIGHT HAVE A CLEAR FINANCIAL IMPACT ON CUSTOMERS' ACCOUNTS. AS A RESULT, THE FIRM FAILED TO INVESTIGATE CERTAIN CYBER-RELATED EVENTS AND TO FILE MORE THAN 400 SARS. THE FINDINGS ALSO STATED THAT THE FIRM USED AN ELECTRONIC MAILBOX (THE MAILBOX) AS THE CENTRAL REPOSITORY FOR ESCALATIONS OF POTENTIALLY SUSPICIOUS ACTIVITY BY INDIVIDUALS ACROSS THE FIRM AND THE FIRM'S AML ANALYSTS REVIEWED THE MAILBOX ON A ROTATING BASIS. THE ANALYSTS' DETERMINATIONS WERE NOT TRACKED OR MONITORED FOR QUALITY CONTROL AND THERE WAS NO SYSTEM IN PLACE TO ENSURE THAT ITEMS WERE REVIEWED IN A TIMELY MANNER. THE FIRM'S INTERNAL WRITTEN PROCEDURES AUTHORIZED ANALYSTS TO DISCARD EMAIL REFERRALS THAT DID NOT WARRANT A RESPONSE, BUT FAILED TO IDENTIFY THE CIRCUMSTANCES WHEN AN ANALYST MIGHT APPROPRIATELY DISCARD A REFERRAL. THE FIRM'S INTERNAL AUDIT DEPARTMENT IDENTIFIED CONCERNS ABOUT THE MAILBOX BUT THE FIRM FAILED TO PROMPTLY CORRECT THE ISSUES. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO FILE OR AMEND UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER (FORMS U4) OR UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REGISTRATION (FORMS U5) TO REPORT CERTAIN CUSTOMER COMPLAINTS. THE FIRM INCORRECTLY INTERPRETED THE REQUIREMENT THAT A COMPLAINT CONTAIN A CLAIM FOR COMPENSATORY DAMAGES OF \$5,000 OR MORE. THE FIRM INTERPRETED THAT IT WAS NOT REQUIRED TO REPORT ANY COMPLAINT THAT DID NOT EXPRESSLY REQUEST COMPENSATION, EVEN IN INSTANCES WHEN THE CUSTOMER ALLEGED A SPECIFIC SALES PRACTICE VIOLATION THAT CAUSED HIM OR HER A LOSS OF \$5,000 OR MORE, AND THE COMPLAINT, WHEN VIEWED AS A WHOLE, MADE CLEAR THAT THE INVESTOR WAS SEEKING COMPENSATION FOR SUCH LOSS. AS A RESULT, THE FIRM FAILED TO REPORT ON FORMS U4 AND U5 AT LEAST



31 REPORTABLE CUSTOMER COMPLAINTS ALLEGING SALES PRACTICE VIOLATIONS INVOLVING THE FIRM'S REGISTERED REPRESENTATIVES. THE FIRM ALSO FAILED TO AMEND IN A TIMELY MANNER ITS REGISTERED REPRESENTATIVES' FORMS U4 AND U5 TO DISCLOSE AT LEAST 149 CUSTOMER COMPLAINTS AND OTHER REPORTABLE EVENTS, INCLUDING JUDGMENTS, BANKRUPTCIES, TERMINATIONS, AND REGULATORY AND CRIMINAL ACTIONS. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FORM U4 AND U5 REPORTING REQUIREMENTS. THE FIRM'S WSPS DID NOT REQUIRE THAT IT MAKE A GOOD FAITH DETERMINATION OF DAMAGES WHERE THE AMOUNT OF DAMAGES WAS NOT SPECIFIED IN THE COMPLAINT. MOREOVER, THE DECISION WHETHER TO REPORT A COMPLAINT ON FORMS U4 OR U5 RESTED WITH EACH REVIEWING EMPLOYEE INDIVIDUALLY, AND THERE WAS UNREASONABLE OVERSIGHT OF THE PROCESS TO ENSURE CONSISTENCY AMONG EMPLOYEES.

**Initiated By:** FINRA

**Date Initiated:** 10/30/2018

**Docket/Case Number:** [2016050751901](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/30/2018

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,750,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$2,750,000, AND UNDERTAKES TO REVIEW 696 CUSTOMER COMPLAINTS IDENTIFIED BY FINRA AND REVIEW



ITS SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES RELATING TO REPORTING CUSTOMER COMPLAINTS AND OTHER REPORTABLE EVENTS TO ENSURE THAT THEY ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE. THE FIRM ALSO UNDERTAKES TO SUBMIT TO FINRA: A REPORT CONTAINING THE FIRM'S CONCLUSIONS FROM THE REVIEWS INDICATING WHICH OF THE 696 CUSTOMER COMPLAINTS IDENTIFIED THAT IT WILL REPORT ON FORMS U4/U5 AND WHICH IT WILL NOT, AND FOR THOSE IT WILL NOT REPORT, PROVIDE THE FIRM'S RATIONALE FOR NOT REPORTING THEM, AND IDENTIFYING ANY AND ALL CHANGES MADE TO THE FIRM'S SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES RELATING TO REPORTING CUSTOMER COMPLAINTS AND OTHER REPORTABLE EVENTS AS A RESULT OF THE REVIEW. THE FIRM ALSO UNDERTAKES TO SUBMIT A CERTIFICATION THAT ITS SYSTEMS AND WRITTEN PROCEDURES REGARDING THE REVIEW AND REPORTING OF CUSTOMER COMPLAINTS AND OTHER REPORTABLE EVENTS, AS OF THE DATE OF THE CERTIFICATION, ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE.

#### Regulator Statement

IN DETERMINING THE APPROPRIATE MONETARY SANCTION, FINRA CONSIDERED THE FIRM'S COOPERATION AND UNDERTAKING TO REMEDY ITS VIOLATIONS. SPECIFICALLY, IN RESOLVING THIS MATTER, FINRA HAS RECOGNIZED THE EXTRAORDINARY COOPERATION, OF THE FIRM FOR HAVING: INITIATED, ON ITS OWN, AN INVESTIGATION TO IDENTIFY THE SCOPE AND EXTENT OF ITS AML PROGRAM FAILURES REGARDING SAR FILINGS; RETAINED AN OUTSIDE LAW FIRM TO CONDUCT AN EXTENSIVE INTERNAL INVESTIGATION, WHICH INCLUDED INTERVIEWING FIRM EMPLOYEES AND RE-EVALUATING REPORTING DETERMINATIONS; PROMPTLY REMEDIATED CERTAIN OF THE PROBLEMS SET FORTH ABOVE BY FILING 418 SARs THAT IT DETERMINED SHOULD HAVE BEEN FILED EARLIER, AND AGREEING TO AMEND 31 FORMS U4 AND U5 TO ADD CUSTOMER COMPLAINT INFORMATION; INITIATED A REVIEW OF ITS PROCEDURES REGARDING COMPLAINT REPORTING, AML INVESTIGATIONS AND SAR REPORTING, AND A RESTRUCTURING OF ITS AML INVESTIGATIONS UNIT; AND PROVIDED SUBSTANTIAL ASSISTANCE TO FINRA IN ITS INVESTIGATION, INCLUDING PROVIDING DETAILED PRESENTATIONS CONCERNING THE RESULTS OF THE FIRM'S INTERNAL INVESTIGATIONS.

#### Disclosure 4 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN



SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE SOUTH DAKOTA DIVISION OF INSURANCE (DIVISION) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN SOUTH DAKOTA; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO SOUTH DAKOTA RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** SOUTH DAKOTA DIVISION OF INSURANCE

**Date Initiated:** 10/01/2018

**Docket/Case Number:** 3006

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 10/01/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO SOUTH DAKOTA RESIDENTS IN VIOLATION OF SOUTH DAKOTA'S SECURITIES REGISTRATION REQUIREMENTS





PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT SEPTEMBER 25, 2018.

#### **Firm Statement**

THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DIVISION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY SOUTH DAKOTA STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

#### **Disclosure 5 of 124**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE SECURITIES DIVISION OF THE NEW MEXICO REGULATION AND LICENSING DEPARTMENT (DIVISION) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN NEW MEXICO; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO NEW MEXICO RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES





UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** SECURITIES DIVISION OF THE NEW MEXICO REGULATION AND LICENSING DEPARTMENT

**Date Initiated:** 10/02/2018

**Docket/Case Number:** 15-099-0049

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 10/02/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO NEW MEXICO RESIDENTS IN VIOLATION OF NEW MEXICO'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT OCTOBER 4, 2018.

**Firm Statement** THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING



INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DIVISION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY NEW MEXICO STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

#### Disclosure 6 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL SHALL CEASE AND DESIST FROM VIOLATING SECTIONS 301, 411(3), AND 412(4)(I) OF THE ACT, MCL 451.2301, MCL 451.2411(3), AND MCL 451.2412(4)(I), AND WILL COMPLY WITH SECTIONS 301, 411(3), AND 412(4)(I) OF THE ACT, MCL 451.2301, MCL 451.2411(3), AND MCL 451.2412(4)(I).
<b>Initiated By:</b>	MICHIGAN
<b>Date Initiated:</b>	10/03/2018
<b>Docket/Case Number:</b>	336330
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/03/2018



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00
<b>Other Sanctions Ordered:</b>	A COPY OF THE ADMINISTRATIVE CONSENT ORDER CAN BE FOUND AT:  <a href="https://www.michigan.gov/lara/0,4601,7-154-61343_35395_77138_77140_77142---,00.html">HTTPS://WWW.MICHIGAN.GOV/LARA/0,4601,7-154-61343_35395_77138_77140_77142---,00.HTML</a>
<b>Sanction Details:</b>	LPL FINANCIAL HOLDINGS INC., OR ITS DIRECT SUBSIDIARIES, SHALL WITHIN 60 DAYS OF THE DATE OF MAILING OF OF THE EXECUTED COPY OF THIS ADMINISTRATIVE CONSENT ORDER BY THE BUREAU, PAY THE SUM OF \$499,000 TO THE MICHIGAN SECURITIES INVESTOR EDUCATION AND TRAINING FUND.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE STATE OF MICHIGAN, DEPARTMENT OF LICENSING & REGULATORY AFFAIRS, CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU (BUREAU) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN MICHIGAN; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO MICHIGAN RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.
<b>Initiated By:</b>	STATE OF MICHIGAN, DEPARTMENT OF LICENSING & REGULATORY AFFAIRS, CORPORATIONS, SECURITIES & COMMERCIAL LICENSING



	BUREAU
<b>Date Initiated:</b>	10/03/2018
<b>Docket/Case Number:</b>	336330
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-REGISTERED, NON-EXEMPT SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/03/2018
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE BUREAU. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO MICHIGAN RESIDENTS IN VIOLATION OF MICHIGAN'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE BUREAU A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT OCTOBER 17, 2018.
<b>Firm Statement</b>	THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE BUREAU AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



FURTHERMORE, THE BUREAU AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY MICHIGAN STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

#### Disclosure 7 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE INVESTOR PROTECTION UNIT (IPU) OF THE DELAWARE DEPARTMENT OF JUSTICE ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO COMPLY WITH STATE SECURITIES REGISTRATION REQUIREMENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.
<b>Initiated By:</b>	INVESTOR PROTECTION UNIT OF THE DELAWARE DEPARTMENT OF JUSTICE
<b>Date Initiated:</b>	09/13/2018
<b>Docket/Case Number:</b>	18-0027
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-REGISTERED, NON-EXEMPT SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS



**Resolution:** Consent

**Resolution Date:** 09/13/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE IPU. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO DELAWARE RESIDENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE IPU A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT SEPTEMBER 17, 2018.

**Firm Statement**

THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE IPU AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE IPU AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY DELAWARE STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

**Disclosure 8 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS OPENED AN



INVESTIGATION AS PART OF A COORDINATED INQUIRY BY STATE REGULATORS FROM MULTIPLE JURISDICTIONS OF LPL FINANCIAL TO DETERMINE WHETHER LPL MADE SALES TRANSACTIONS FOR NON-REGISTERED AND/OR NON-EXEMPT SECURITIES DURING THE TIME PERIOD BEGINNING OCTOBER 1, 2006, THROUGH MAY 1, 2018. AT THE END OF THE INQUIRY IT WAS DETERMINED THAT LPL VIOLATED THE KENTUCKY SECURITIES ACT RELATED TO THE SALE OF UNREGISTERED SECURITIES, FAILURE TO SUPERVISE, BOOKS AND RECORDS REQUIREMENTS. LPL THEN ENTERED INTO AN ADMIN. CONSENT ORDER WITH THE STATE IN WHICH IT PAID A PENALTY.

**Initiated By:** KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

**Date Initiated:** 09/13/2018

**Docket/Case Number:** 2018-AH-00040

**URL for Regulatory Action:**

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

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE CONSENT ORDER

**Resolution:** Consent

**Resolution Date:** 09/13/2018

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

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** ADMINISTRATIVE CONSENT ORDER

**Sanction Details:** ADMINISTRATIVE CONSENT ORDER

**Regulator Statement** THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS OPENED AN INVESTIGATION AS PART OF A COORDINATED INQUIRY BY STATE REGULATORS FROM MULTIPLE JURISDICTIONS OF LPL FINANCIAL TO DETERMINE WHETHER LPL MADE SALES TRANSACTIONS FOR NON-REGISTERED AND/OR NON-EXEMPT SECURITIES DURING THE TIME PERIOD BEGINNING OCTOBER 1, 2006, THROUGH MAY 1, 2018. AT THE



END OF THE INQUIRY IT WAS DETERMINED THAT LPL VIOLATED THE KENTUCKY SECURITIES ACT RELATED TO THE SALE OF UNREGISTERED SECURITIES, FAILURE TO SUPERVISE, BOOKS AND RECORDS REQUIREMENTS. LPL THEN ENTERED INTO AN ADMIN. CONSENT ORDER WITH THE STATE IN WHICH IT PAID A PENALTY.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS (DFI) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN KENTUCKY; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO KENTUCKY RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.
<b>Initiated By:</b>	KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS
<b>Date Initiated:</b>	09/13/2018
<b>Docket/Case Number:</b>	2018-AH-00040
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-REGISTERED, NON-EXEMPT SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	09/13/2018





**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DFI. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO KENTUCKY RESIDENTS IN VIOLATION OF KENTUCKY'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DFI A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT SEPTEMBER 13, 2018.

**Firm Statement** THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DFI AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DFI AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY KENTUCKY STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

#### Disclosure 9 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE



LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS (OFI) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN LOUISIANA; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO LOUISIANA RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS

**Date Initiated:** 09/11/2018

**Docket/Case Number:** OFI-2018-04

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 09/11/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OFI. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO LOUISIANA RESIDENTS IN VIOLATION OF LOUISIANA'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL



UNDERTAKINGS, AND (3) PAY THE OFI A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT SEPTEMBER 12, 2018.

### Firm Statement

THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE OFI AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE OFI AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY LOUISIANA STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

### Disclosure 10 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE PUERTO RICO OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS (OCFI) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN PUERTO RICO; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO PUERTO RICO RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN



RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** PUERTO RICO OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS

**Date Initiated:** 08/27/2018

**Docket/Case Number:** N/A

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 08/27/2018

**Sanctions Ordered:** Monetary/Fine \$499,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** OFFERS OF RESTITUTION; UNDERTAKINGS

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OCFI. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO PUERTO RICO RESIDENTS IN VIOLATION OF PUERTO RICO'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE OCFI A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT AUGUST 30, 2018.

**Firm Statement** THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE OCFI



AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE OCFI AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY PUERTO RICO STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.

#### Disclosure 11 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE INDIANA SECURITIES DIVISION (DIVISION) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN INDIANA; FAILED TO REASONABLY SUPERVISE AND MAINTAIN ADEQUATE SYSTEMS TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO INDIANA RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** INDIANA SECURITIES DIVISION

**Date Initiated:** 08/15/2018

**Docket/Case Number:** 18-0069 CO

**Principal Product Type:** Other



<b>Other Product Type(s):</b>	NON-REGISTERED, NON-EXEMPT SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/15/2018
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO INDIANA RESIDENTS IN VIOLATION OF INDIANA'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT AUGUST 22, 2018.
<b>Firm Statement</b>	THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DIVISION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY INDIANA STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR



## DECEPTIVE CONDUCT.

## Disclosure 12 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALABAMA SECURITIES COMMISSION OPENED AN INVESTIGATION AS PART OF A COORDINATED INQUIRY BY STATE REGULATORS FROM MULTIPLE JURISDICTIONS OF LPL FINANCIAL TO DETERMINE WHETHER LPL MADE SALES TRANSACTIONS FOR NON-REGISTERED AND/OR NON-EXEMPT SECURITIES DURING THE TIME PERIOD BEGINNING OCTOBER 1, 2006 THROUGH MAY 1, 2018. AT THE END OF THE INQUIRY IT WAS DETERMINED THAT LPL VIOLATED THE ALABAMA SECURITIES ACT RELATED TO THE SALE OF UNREGISTERED SECURITIES, FAILURE TO SUPERVISE, BOOKS AND RECORDS REQUIREMENTS. LPL THEN ENTERED INTO A CONSENT ORDER WITH THE STATE IN WHICH IT PAID AN ADMINISTRATIVE ASSESSMENT AND INVESTIGATIVE COST.
<b>Initiated By:</b>	ALABAMA SECURITIES COMMISSION
<b>Date Initiated:</b>	06/22/2018
<b>Docket/Case Number:</b>	CO-2018-0012
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT ORDER
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/22/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Disgorgement/Restitution





**Other Sanctions Ordered:** CONSENT ORDER

**Sanction Details:** CONSENT ORDER

**Regulator Statement** ALABAMA SECURITIES COMMISSION OPENED AN INVESTIGATION AS PART OF A COORDINATED INQUIRY BY STATE REGULATORS FROM MULTIPLE JURISDICTIONS OF LPL FINANCIAL TO DETERMINE WHETHER LPL MADE SALES TRANSACTIONS FOR NON-REGISTERED AND/OR NON-EXEMPT SECURITIES DURING THE TIME PERIOD BEGINNING OCTOBER 1, 2006 THROUGH MAY 1, 2018. AT THE END OF THE INQUIRY IT WAS DETERMINED THAT LPL VIOLATED THE ALABAMA SECURITIES ACT RELATED TO THE SALE OF UNREGISTERED SECURITIES, FAILURE TO SUPERVISE, BOOKS AND RECORDS REQUIREMENTS. LPL THEN ENTERED INTO A CONSENT ORDER WITH THE STATE IN WHICH IT PAID AN ADMINISTRATIVE ASSESSMENT AND INVESTIGATIVE COST.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE ALABAMA SECURITIES COMMISSION (COMMISSION) ALLEGED THAT DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) FAILED TO ESTABLISH AND MAINTAIN REASONABLE POLICIES AND PROCEDURES TO PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL TO ALABAMA RESIDENTS, INCLUDING WITH RESPECT TO LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** ALABAMA SECURITIES COMMISSION

**Date Initiated:** 06/22/2018

**Docket/Case Number:** CO-2018-0012

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES





<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/22/2018
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE COMMISSION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO ALABAMA RESIDENTS IN VIOLATION OF ALABAMA'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE COMMISSION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT JUNE 21, 2018.
<b>Firm Statement</b>	THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE COMMISSION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE COMMISSION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY ALABAMA STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.



## Disclosure 13 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO SUPERVISE, OFFER AND SALE OF UNREGISTERED AND NON-EXEMPT SECURITIES, AND FAILURE TO MAINTAIN REQUIRED AND NECESSARY BOOKS AND RECORDS.
<b>Initiated By:</b>	MASSACHUSETTS
<b>Date Initiated:</b>	06/12/2018
<b>Docket/Case Number:</b>	E-2017-0067
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	EQUITY AND FIXED INCOME SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	THIRD-PARTY REVIEW OF ALL EXECUTED SOLICITED SALES OF EQUITY AND FIXED INCOME SECURITIES, AND REMEDIATION TO CUSTOMERS FOR SALES OF UNREGISTERED, NON-EXEMPT SECURITIES. COMPREHENSIVE THIRD-PARTY REVIEW OF POLICIES, PROCEDURES, AND CONTROLS RELATED TO COMPLIANCE WITH AND SUPERVISION OF STATE SECURITIES REGISTRATION REQUIREMENTS. ADMINISTRATIVE FINE. CEASE AND DESIST.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	06/12/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	THIRD-PARTY REVIEW OF ALL EXECUTED SOLICITED SALES OF EQUITY AND FIXED INCOME SECURITIES, AND REMEDIATION TO CUSTOMERS FOR



SALES OF UNREGISTERED, NON-EXEMPT SECURITIES.  
 COMPREHENSIVE THIRD-PARTY REVIEW OF POLICIES, PROCEDURES, AND  
 CONTROLS RELATED TO COMPLIANCE WITH AND SUPERVISION OF STATE  
 SECURITIES REGISTRATION REQUIREMENTS.  
 ADMINISTRATIVE FINE.  
 CEASE AND DESIST.

**Sanction Details:** LPL SHALL PERMANENTLY CEASE AND DESIST FROM VIOLATIONS OF  
 SECTIONS 301, 204(A)(2)(J), AND 203(A) OF THE MASSACHUSETTS  
 UNIFORM SECURITIES ACT.

**Regulator Statement** IN CONNECTION WITH NASAA MULTIJURISDICTIONAL INVESTIGATION.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY A MULTISTATE  
 TASK FORCE COORDINATED AMONG MEMBERS OF THE NORTH AMERICAN  
 SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE  
 MASSACHUSETTS SECURITIES DIVISION (DIVISION) ALLEGED THAT  
 DURING THE PERIOD OF APPROXIMATELY OCTOBER 1, 2006 THROUGH  
 MAY 1, 2018 (RELEVANT PERIOD), LPL FINANCIAL LLC (LPL) FAILED TO  
 ESTABLISH AND MAINTAIN REASONABLE POLICIES AND PROCEDURES TO  
 PREVENT THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY  
 LPL TO MASSACHUSETTS RESIDENTS, INCLUDING WITH RESPECT TO  
 LPL'S RETENTION, USE, AND SUBSEQUENT CANCELLATION OF CERTAIN  
 THIRD-PARTY SERVICES UTILIZED FOR COMPLIANCE WITH STATE  
 SECURITIES REGISTRATION REQUIREMENTS; CERTAIN OTHER  
 DEFICIENCIES WITHIN LPL'S COMPLIANCE STRUCTURE RELATED TO LPL'S  
 CONTROLS, MONITORING AND REPORTING TOOLS, AND ESCALATION  
 PROTOCOLS IN RELATION TO LPL'S RESPONSE TO COMPLIANCE ISSUES  
 RESULTING FROM SUCH FAILURE; AND LPL'S FAILURE TO MAINTAIN  
 CERTAIN BOOKS AND RECORDS TO ENSURE FULL AND PROPER  
 COMPLIANCE FOR STATE SECURITIES REGISTRATION REQUIREMENTS.

**Initiated By:** MASSACHUSETTS SECURITIES DIVISION

**Date Initiated:** 06/12/2018

**Docket/Case Number:** E-2017-0067

**Principal Product Type:** Other

**Other Product Type(s):** NON-REGISTERED, NON-EXEMPT SECURITIES

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



<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY; OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/12/2018
<b>Sanctions Ordered:</b>	Monetary/Fine \$499,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	OFFERS OF RESTITUTION; UNDERTAKINGS
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REPURCHASE AFFECTED SECURITIES OR REMEDIATE CUSTOMER LOSSES FOR CERTAIN SECURITIES SOLD TO MASSACHUSETTS RESIDENTS IN VIOLATION OF MASSACHUSETTS'S SECURITIES REGISTRATION REQUIREMENTS PURSUANT TO THE TERMS SET FORTH IN THE ORDER, (2) CERTAIN ADDITIONAL UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$499,000.00 WHICH WAS REMITTED ON OR ABOUT JUNE 14, 2018.
<b>Firm Statement</b>	THIS ACTION IS PART OF A SETTLEMENT REGARDING THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES BY LPL DURING THE RELEVANT PERIOD RESULTING FROM AN INVESTIGATION CONDUCTED BY A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. IN CONNECTION WITH THE RESOLUTION, EACH OF THE PARTICIPATING INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS AGAINST LPL, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO THE ABOVE DESCRIBED SANCTIONS. IN ADDITION, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, AND INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA. FURTHERMORE, THE DIVISION AND LPL AGREED THAT NOTHING IN THE ORDER IS INTENDED TO FORM THE BASIS FOR DISQUALIFICATION UNDER FINRA OR OTHER SRO RULES PROHIBITING CONTINUANCE IN MEMBERSHIP. FINALLY, THE ORDER IS NOT INTENDED TO BE A FINAL ORDER BASED UPON VIOLATIONS OF ANY MASSACHUSETTS STATUTE, RULE, OR REGULATION THAT PROHIBITS FRAUDULENT, MANIPULATIVE OR DECEPTIVE CONDUCT.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE NORTH CAROLINA SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS NORTH CAROLINA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** NORTH CAROLINA SECURITIES DIVISION

**Date Initiated:** 03/26/2018

**Docket/Case Number:** FILE NO. 14 SEC 035

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 03/26/2018

**Sanctions Ordered:** Monetary/Fine \$2,500.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION; \$21,842.35 FOR INVESTIGATIVE COSTS.

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN NORTH CAROLINA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$24,342.35 WHICH WAS REMITTED ON OR ABOUT MARCH 15, 2018.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF



MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO NORTH CAROLINA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO NORTH CAROLINA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A SUM IN THE AMOUNT OF \$24,342.35. THE SUM REPRESENTS A CIVIL PENALTY OF \$2,500 PLUS \$21,842.35 FOR INVESTIGATIVE COSTS. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 15 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	STATE SECURITIES REGULATORS FROM MULTIPLE JURISDICTIONS CONDUCTED A COORDINATED INVESTIGATION OF LPL TO DETERMINE WHETHER NON-TRADED REITS/ SALES TRANSACTIONS EXECUTED BY LPL VIOLATED RESPECTIVE STATE LAWS. THE DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES & BANKING SECURITIES DIVISION ALLEGED THAT LPL FINANCIAL, LLC FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES REGARDING THE SALES OF NON-TRADED REITS.
<b>Initiated By:</b>	DEPARTMENT OF INSURANCE, SECURITIES AND BANKING DISTRICT OF COLUMBIA
<b>Date Initiated:</b>	03/19/2018
<b>Docket/Case Number:</b>	SB-03-18
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REAL ESTATE INVESTMENT TRUST ("REITS")



<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE CONSENT AGREEMENT AND ORDER
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/19/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,934.13
<b>Other Sanctions Ordered:</b>	LPL ENTERED INTO CONSENT ORDER, WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW.
<b>Sanction Details:</b>	THE ORDER IS BASED ON LPL'S FAILURE TO IMPLEMENT A SUPERVISORY SYSTEM, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH STATE LAW IN CONNECTION WITH LPL'S SALE OF NON-TRADED REITS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES AND BANKING (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS DISTRICT OF COLUMBIA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
<b>Date Initiated:</b>	03/19/2018
<b>Docket/Case Number:</b>	SB-03-18
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS



<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/19/2018
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,934.13 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT AGREEMENT AND ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN DISTRICT OF COLUMBIA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$10,934.13 WHICH WAS REMITTED ON OR ABOUT MARCH 28, 2018.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO DISTRICT OF COLUMBIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO DISTRICT OF COLUMBIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$10,934.13. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, OR THE UNITED STATES TERRITORIES, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE





STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 16 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE THE TRAINING OF ITS REGISTERED REPRESENTATIVES ON ALL MATERIAL RISKS AND FEATURES OF BROKERED CDS, AND IT ADEQUATELY DISCLOSED ALL MATERIAL RISKS AND FEATURES OF THE BROKERED CDS TO CUSTOMERS. THE FINDINGS STATED THAT IN PARTICULAR, THE FIRM FAILED TO TAKE REASONABLE STEPS TO ENSURE THAT ITS REGISTERED REPRESENTATIVES OR FIXED INCOME DESK EMPLOYEES RECEIVED OR HAD MEANINGFUL ACCESS TO ISSUER-PREPARED DISCLOSURE DOCUMENTS PRIOR TO THEIR SALES OF THESE PRODUCTS. THE FIRM ALSO DID NOT TRAIN ITS EMPLOYEES ON THE SPECIFIC MATERIAL RISKS AND FEATURES OF THESE PRODUCTS. IN RESPONSE TO NOTICE TO MEMBERS 02-69, THE FIRM PREPARED AND DELIVERED TO CUSTOMERS WHO PURCHASED BROKERED CDS A GENERIC CD DISCLOSURE STATEMENT THAT DESCRIBED THE GENERAL RISKS AND CHARACTERISTICS OF BROKERED CDS. THE FIRM, HOWEVER, DID NOT CONSISTENTLY PROVIDE ITS CUSTOMERS, PRIOR TO OR AT THE TIME OF SALE, WITH ISSUER-PREPARED DISCLOSURE DOCUMENTS, DESPITE THE FIRM'S OBLIGATION TO DO SO UNDER ITS SELLING AGREEMENTS WITH THE BROKERED CD ISSUERS, AND DID NOT OTHERWISE HAVE A PROCESS TO DISCLOSE FULLY ALL MATERIAL RISKS AND FEATURES OF THE BROKERED CDS TO CUSTOMERS. BECAUSE OF THE FIRM'S DEFICIENT SUPERVISORY SYSTEM, ONE OF THE FIRM'S REGISTERED REPRESENTATIVES MADE MATERIAL MISREPRESENTATIONS TO FIVE ELDERLY CUSTOMERS REGARDING THE LIMITATIONS ON THE ABILITY, UPON DEATH, OF THEIR ESTATES TO REDEEM THEIR 20-YEAR BROKERED CDS AT PAR VALUE. THE FIVE ELDERLY CUSTOMERS OR THEIR ESTATES SUFFERED LOSSES OF APPROXIMATELY \$75,000 BECAUSE THEY WERE UNABLE TO REDEEM FULLY THE BROKERED CDS AND HAD TO SELL THE BROKERED CDS ON THE SECONDARY MARKET. THE FIRM SUBSEQUENTLY REMEDIATED THESE CUSTOMERS' LOSSES.

**Initiated By:** FINRA

**Date Initiated:** 02/06/2018

**Docket/Case Number:** [2015045703001](#)



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

**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 02/06/2018  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$375,000.00  
**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$375,000. FINES PAID IN FULL ON FEBRUARY 8, 2018.
 

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FROM JANUARY 2010 THROUGH AT LEAST DECEMBER 2016, FINRA ALLEGED THAT LPL FINANCIAL FAILED TO REASONABLY SUPERVISE THE SALE OF CERTAIN BROKERED CERTIFICATES OF DEPOSIT ("BROKERED CDS"), WHICH THE FIRM CHARACTERIZED AS NON-SECURITY CDS BECAUSE THEY WERE FDIC INSURED INSTRUMENTS. THE FIRM ALLEGEDLY FAILED TO ENSURE THAT (1) ITS REGISTERED REPRESENTATIVES WERE TRAINED ON ALL MATERIAL RISKS AND FEATURES OF BROKERED CDS AND (2) ADEQUATELY DISCLOSE ALL MATERIAL RISKS AND FEATURES OF BROKERED CDS TO CUSTOMERS.

**Initiated By:** FINRA  
**Date Initiated:** 02/06/2018  
**Docket/Case Number:** [2015045703001](#)  
**Principal Product Type:** CD(s)



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/06/2018
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$375,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, LPL ACCEPTED AND CONSENTED TO THE ENTRY OF FINDINGS.
<b>Firm Statement</b>	AS A RESULT OF THE FIRM'S ALLEGED INADEQUATE SUPERVISORY SYSTEM, FIVE CUSTOMERS OF ONE OF THE FIRM'S REGISTERED REPRESENTATIVES SUFFERED LOSSES OF APPROXIMATELY \$75,000. THE FIRM SUBSEQUENTLY REMEDIATED THESE CUSTOMERS' LOSSES.

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<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL FAILED TO ENSURE THAT ITS CLIENTS INVESTING IN AIS SATISFIED THE NEW JERSEY PROSPECTUS SUITABILITY REQUIREMENTS. LPL FAILED TO ENSURE THAT ITS CLIENTS INVESTING IN AIS SATISFIED LPL'S OWN AI GUIDELINES. LPL FAILED TO ENSURE CLIENT'S LIQUID NET WORTH WAS ACCURATELY CALCULATED ON ALL FORMS. LPL FAILED TO PROPERLY DOCUMENT CHANGES TO ACCOUNT PROFILE INFORMATION AS REFLECTED ON REVISED AI FORMS. LPL FAILED TO CONFIRM THE ACCURACY OF CLIENT'S INVESTMENT PROFILES EVERY THIRTY-SIX MONTHS AS REQUIRED.
<b>Initiated By:</b>	NEW JERSEY BUREAU OF SECURITIES
<b>Date Initiated:</b>	10/24/2017
<b>Docket/Case Number:</b>	2016-502
<b>URL for Regulatory Action:</b>	<a href="http://www.njconsumeraffairs.gov/actions/lpl_consentorder_24oct2017.pdf">HTTP://WWW.NJCONSUMERAFFAIRS.GOV/ACTIONS/LPL_CONSENTORDER_24OCT2017.PDF</a>



<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED ALTERNATIVE INVESTMENTS ("AI") INCLUDING NON-TRADED REITS & BDCS, & OTHER ILLIQUID PASS THROUGH INVESTMENTS.
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/24/2017
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$950,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	LPL SHALL REMIT TWENTY-FIVE THOUSAND DOLLARS (\$25,000) TO THE STATE'S INVESTOR EDUCATION FUND. LPL IS REQUIRED TO UNDERTAKE A REMEDIATION PROGRAM THROUGH WHICH IT WILL REVIEW THE NONTRADED REIT AND NON-TRADED BDC TRANSACTIONS THAT WERE THE SUBJECT OF THE BUREAU'S INVESTIGATION AND IT WILL OFFER TO REPURCHASE NON-TRADED REITS AND NON-TRADED BDCS THAT WERE SOLD TO NEW JERSEY INVESTORS IN CONTRAVENTION OF LPL'S AL GUIDELINES AND/OR NEW JERSEY PROSPECTUS REQUIREMENTS.
<b>Sanction Details:</b>	LPL FAILED TO REASONABLY SUPERVISE THE SALE OF AIS. LPL AGENTS SOLD AIS IN VIOLATION OF THE NEW JERSEY PROSPECTUS SUITABILITY STANDARDS. LPL FAILED TO FOLLOW ITS OWN SUPERVISORY PROCEDURES REGARDING THE OFFER AND SALE OF ALTERNATIVE INVESTMENTS. LPL FAILED TO MAKE AND KEEP ADEQUATE BOOKS AND RECORDS.
<b>Regulator Statement</b>	THE BUREAU'S REVIEW IDENTIFIED AI TRANSACTIONS DURING THE REVIEW PERIOD THAT VIOLATED EITHER THE PRODUCT'S PROSPECTUS REQUIREMENT AND/OR LPL'S OWN POLICIES GOVERNING THE OFFER AND SALE OF AIS.
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<b>Reporting Source:</b>	Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	THE NEW JERSEY BUREAU OF SECURITIES (BUREAU) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO SUPERVISE ITS REPRESENTATIVES' SALES OF CERTAIN ALTERNATIVE INVESTMENTS TO NEW JERSEY RESIDENTS AND FAILED TO MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS RELATING TO THE SALE OF CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS.
<b>Initiated By:</b>	NEW JERSEY BUREAU OF SECURITIES
<b>Date Initiated:</b>	10/24/2017
<b>Docket/Case Number:</b>	2016-502
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/24/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$975,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE BUREAU. LPL ALSO AGREED TO (1) REVIEW ITS SALES OF CERTAIN NON-TRADED ALTERNATIVE INVESTMENT TRANSACTIONS AND OFFER TO REPURCHASE PRODUCTS THAT WERE SOLD TO CERTAIN NEW JERSEY RESIDENTS IN VIOLATION OF LPL'S ALTERNATIVE INVESTMENT GUIDELINES AND/OR NEW JERSEY PROSPECTUS REQUIREMENTS, (2) PAY THE BUREAU A SUM IN THE AMOUNT OF \$975,000 WHICH WAS REMITTED ON OR ABOUT OCTOBER 23, 2017, AND (3) REMIT \$25,000 TO NEW JERSEY'S INVESTOR EDUCATION FUND.
<b>Firm Statement</b>	THE BUREAU ALLEGED THAT DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2015 (RELEVANT PERIOD) LPL FAILED TO ADEQUATELY SUPERVISE ITS REPRESENTATIVES' SALES OF CERTAIN ALTERNATIVE INVESTMENTS TO NEW JERSEY RESIDENTS AND FAILED TO



MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS RELATING TO THE SALE OF CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) REVIEW ITS SALES OF CERTAIN NON-TRADED ALTERNATIVE INVESTMENT TRANSACTIONS AND OFFER TO REPURCHASE PRODUCTS THAT WERE SOLD TO NEW JERSEY RESIDENTS IN VIOLATION OF LPL'S ALTERNATIVE INVESTMENT GUIDELINES AND/OR NEW JERSEY PROSPECTUS REQUIREMENTS DURING THE RELEVANT PERIOD, AND (2) TO PAY THE BUREAU A CIVIL PENALTY OF \$950,000 AND REMIT \$25,000 TO NEW JERSEY'S INVESTOR EDUCATION FUND. FINALLY, THE BUREAU AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS.

#### Disclosure 18 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SECRETARY OF STATE OF NORTH CAROLINA AND SECURITIES ADMINISTRATOR, ALLEGED THAT LPL FAILED TO REASONABLY SUPERVISE CHARLES FACKRELL, ONE OF ITS REGISTERED REPRESENTATIVES, WHO, UNBEKNOWNST TO LPL, OPERATED A PONZI SCHEME IN WHICH HE ENCOURAGED INDIVIDUALS TO INVEST MONEY IN FICTITIOUS ENTITIES. FACKRELL GENERALLY DIVERTED THE FUNDS FOR PERSONAL EXPENSES, ALTHOUGH SOME FUNDS WERE PAID TO INVESTORS TO PERPETUATE THE APPEARANCE OF RETURNS. AFTER LPL WAS ALERTED TO FACKRELL'S CRIMINAL AND UNAPPROVED ACTIVITIES, IT IMMEDIATELY INVESTIGATED AND TERMINATED HIM.
<b>Initiated By:</b>	THE SECRETARY OF STATE OF NORTH CAROLINA
<b>Date Initiated:</b>	09/24/2017
<b>Docket/Case Number:</b>	16 ADM 001
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	PROMISSORY NOTES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL PENALTY AND REIMBURSEMENT OF INVESTIGATIVE COSTS.



**Resolution:** Order  
**Resolution Date:** 09/24/2017  
**Sanctions Ordered:** Monetary/Fine \$25,000.00  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** CEASE AND DESIST  
**Sanction Details:** REIMBURSE THE SECURITIES DIVISION IN THE SUM OF \$270,000 FOR INVESTIGATIVE COSTS.

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#### Disclosure 19 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** STATE SECURITIES REGULATORS FROM MULTIPLE JURISDICTIONS CONDUCTED A COORDINATED INVESTIGATION OF LPL TO DETERMINE WHETHER NON-TRADED REITS SALES TRANSACTIONS EXECUTED BY LPL VIOLATED RESPECTIVE STATE LAWS. THE VIRGINIA SECURITIES DIVISION ALLEGED THAT LPL FINANCIAL, LLC FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS VIRGINIA REPS REGARDING THE SALE OF NON-TRADED REITS.  
**Initiated By:** VIRGINIA STATE CORPORATION COMMISSION  
**Date Initiated:** 05/26/2017  
**Docket/Case Number:** SEC-2015-00052  
**URL for Regulatory Action:** [HTTP://WWW.SCC.VIRGINIA.GOV/DOCKETSEARCH#/CASEDETAILS/135113](http://www.scc.virginia.gov/docketsearch#/casedetails/135113)  
**Principal Product Type:** Other  
**Other Product Type(s):** NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS")  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMISSION AND CONSENT  
**Resolution:** Consent  
**Resolution Date:** 05/26/2017



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	\$28,095.38 COST OF INVESTIGATION PAYABLE TO TREASURER OF VIRGINIA; UNDERTAKINGS; OFFERS OF REMEDIATION. LPL FINANCIAL LLC HAS FULFILLED THE REQUIREMENTS OF THE MAY 26, 2017 ORDER.
<b>Sanction Details:</b>	FIRM ENTERED INTO CONSENT ORDER, WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW.
<b>Regulator Statement</b>	THIS ACTION IS PART OF GLOBAL MULTI STATE SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD 1/1/08-12/31/13 REACHED BY A MULTI STATE TASK FORCE COMPOSED OF NASAA MEMBERS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALE OF NON-TRADED REITS & FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING SALES TO VIRGINIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO VIRGINIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW THE SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD. (3) TO PAY INVESTIGATION COSTS IN THE AMOUNT OF \$28,095.38, VIRGINIA'S ALLOCATED PORTION OF THE AMOUNT AGREED UPON.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE VIRGINIA DIVISION OF SECURITIES AND RETAIL FRANCHISING (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS VIRGINIA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	VIRGINIA DIVISION OF SECURITIES AND RETAIL FRANCHISING
<b>Date Initiated:</b>	05/26/2017





**Docket/Case Number:** SEC-2015-00052

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 05/26/2017

**Sanctions Ordered:** Monetary/Fine \$28,095.38  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN VIRGINIA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$28,095.38 WHICH WAS REMITTED ON OR ABOUT APRIL 25, 2017.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO VIRGINIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO VIRGINIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$28,095.38. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS



OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 20 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	AN INVESTIGATION DETERMINED THAT LPL SOLD SHARES OF NON-TRADED REITS TO MAINE INVESTORS THAT WERE IN VIOLATION OF THE PROSPECTUS STANDARDS OF THE SPECIFIC REIT, WERE IN VIOLATION OF LPL'S OWN GUIDELINES FOR THE SALE OF ALTERNATIVE INVESTMENTS, OR WERE INCONSISTENT WITH LPL'S POLICIES AND PROCEDURES.
<b>Initiated By:</b>	MAINE OFFICE OF SECURITIES
<b>Date Initiated:</b>	04/26/2017
<b>Docket/Case Number:</b>	16-12553
<b>URL for Regulatory Action:</b>	<a href="http://www.maine.gov/tools/whatsnew/index.php?topic=sec-legaldocs&amp;id=742737&amp;v=default">HTTP://WWW.MAINE.GOV/TOOLS/WHATSNEW/INDEX.PHP?TOPIC=SEC-LEGALDOCS&amp;ID=742737&amp;V=DEFAULT</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REAL ESTATE INVESTMENT TRUSTS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST FROM VIOLATIVE CONDUCT AND OFFER TO REMEDIATE INVESTORS' LOSSES
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	04/26/2017
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$11,939.46 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	OFFER TO REMEDIATE LOSSES



<b>Sanction Details:</b>	\$11,939.46 IS THE CIVIL PENALTY PAID TO MAINE. MONEY PAID TO REMEDIATE LOSSES TO MAINE INVESTORS WILL NOT BE KNOWN UNTIL THE REMEDIATION PROCESS IS COMPLETE AND A REPORT IS PROVIDED BY LPL DETAILING OFFERS MADE, ACCEPTED, AND PAID.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE STATE OF MAINE OFFICE OF SECURITIES (THE OFFICE) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MAINE REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	MAINE OFFICE OF SECURITIES
<b>Date Initiated:</b>	04/26/2017
<b>Docket/Case Number:</b>	16-12553
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/26/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$11,939.46 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OFFICE. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MAINE RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OFFICE A SUM IN THE AMOUNT OF \$11,939.46 WHICH WAS



REMITTED ON OR ABOUT APRIL 25, 2017.

### Firm Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OFFICE ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MAINE RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MAINE RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE OFFICE A CIVIL PENALTY IN THE AMOUNT OF \$11,939.46. FINALLY, THE OFFICE AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

### Disclosure 21 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE VERMONT SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS VERMONT REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** VERMONT SECURITIES DIVISION

**Date Initiated:** 05/01/2017

**Docket/Case Number:** 16-038-S

**Principal Product Type:** Other



<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/01/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$11,074.81 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN VERMONT RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$11,074.81 WHICH WAS REMITTED ON OR ABOUT APRIL 25, 2017.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO VERMONT RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO VERMONT RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$11,074.81. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM



RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 22 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE MASSACHUSETTS SECURITIES DIVISION ALLEGED THAT LPL FINANCIAL FAILED TO SUPERVISE FINANCIAL ADVISORS LOCATED ON CREDIT UNION PREMISES, INCLUDING THE SUPERVISION OF CERTAIN COMPENSATION AND CERTAIN ASPECTS OF DISCLOSURES RELATED TO ITS BUSINESS CONDUCTED ON THE CREDIT UNION PREMISES.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	05/04/2017
<b>Docket/Case Number:</b>	R-2016-0095
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/04/2017
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,000,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	ADDITIONAL UNDERTAKINGS
<b>Sanction Details:</b>	LPL CONSENTED TO CEASE AND DESIST, CENSURE, REMOVAL OF CREDIT UNION'S DBA NAME; A COMPREHENSIVE REVIEW OF THE FIRM'S POLICIES, PROCEDURES, TRAINING, AND PROCESSES RELATED TO THE ALLEGATIONS; CERTAIN UNDERTAKINGS, AND PAY A FINE IN THE AMOUNT OF \$1,000,000.
<b>Firm Statement</b>	ON MAY 2, 2017, LPL SUBMITTED AN OFFER OF SETTLEMENT TO THE DIVISION. LPL NEITHER ADMITTED NOR DENIED THE STATEMENT OF FACTS AND VIOLATIONS OF LAW CONTAINED IN THE CONSENT ORDER RELATED TO AN ONGOING INVESTIGATION BY THE DIVISION'S



REGISTRATION, INSPECTIONS, COMPLIANCE AND EXAMINATIONS  
SECTION DURING THE TIME PERIOD OF DECEMBER 27, 2011 TO MAY 2,  
2017.

#### Disclosure 23 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SEND, AND TO CREATE RECORDS THAT IT HAD SENT TO CUSTOMERS, MORE THAN 1.6 MILLION ACCOUNT NOTICES FOR ACCOUNTS IN WHICH A SUITABILITY DETERMINATION HAD BEEN MADE DURING THE PRIOR 36-MONTH PERIOD. THE FINDINGS STATED THAT OVER A SEVEN-YEAR PERIOD, THE FIRM FAILED TO SEND OVER 25 PERCENT OF THE REQUIRED NOTICES. A VARIETY OF SYSTEMIC ISSUES CAUSED THIS FAILURE, INCLUDING (A) THE EXCLUSION OF CERTAIN ACCOUNTS FROM 36-MONTH MAILING CYCLES, (B) MISSING OR INCORRECT ACCOUNT DATA, AND (C) PROGRAMMING ERRORS. THE FIRM ALSO FAILED TO UPDATE ITS SYSTEMS TO IDENTIFY A HOLD RECOMMENDATION AS A TRIGGERING EVENT FOR THE 36-MONTH PERIOD. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS RELATING TO THE CREATION AND DISTRIBUTION OF SUCH ACCOUNT RECORDS. SPECIFICALLY, ALTHOUGH THE FIRM HAD WRITTEN PROCEDURES REGARDING THE GENERATION OF ACCOUNT NOTICES, ITS PROCEDURES DID NOT REQUIRE ANY SUPERVISORY REVIEW OR OTHER PROCEDURE TO CONFIRM THAT SUCH NOTICES HAD BEEN PROVIDED TO ACCOUNTHOLDERS.</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	12/21/2016
<b>Docket/Case Number:</b>	<a href="#">2015045887301</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A



<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/21/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$900,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$900,000, AND REQUIRED TO SUBMIT TO FINRA A WRITTEN PLAN OF HOW IT WILL UNDERTAKE TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE RELEVANT POLICIES AND PROCEDURES (WRITTEN AND OTHERWISE), INCLUDING A DESCRIPTION OF REMEDIAL MEASURES LEADING TO FULL COMPLIANCE, RELATING TO THE CONDUCT ADDRESSED IN THIS AWC. FINES PAID IN FULL 12/28/16.
<b>Regulator Statement</b>	IN DETERMINING THE APPROPRIATE SANCTIONS IN THIS MATTER, FINRA CONSIDERED THAT THE FIRM SELF-IDENTIFIED AND INVESTIGATED MANY OF THE SYSTEMIC ISSUES ADDRESSED HEREIN AND HAS UNDERTAKEN AN INTERNAL REVIEW, WHICH INCLUDES RETAINING A THIRD-PARTY CONSULTANT TO REVIEW ITS SUPERVISORY POLICIES, PROCEDURES, AND SYSTEMS RELATING TO THESE ISSUES.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, LPL FINANCIAL LLC ("THE FIRM") CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SEND AND CREATE RECORDS THAT IT HAD SENT TO CUSTOMERS, MORE THAN 1.6 MILLION ACCOUNT NOTICES REQUIRED UNDER RULE 17A-3(A)(17) OF THE EXCHANGE ACT. THE FIRM IS REQUIRED TO SEND THESE ACCOUNT NOTICES TO CUSTOMERS AT 36 MONTH INTERVALS FOR EACH ACCOUNT IN WHICH A SUITABILITY DETERMINATION WAS MADE. OVER A SEVEN-YEAR PERIOD, THE FIRM FAILED TO SEND OVER 25 PERCENT OF THE REQUIRED NOTICES. IN ADDITION, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN RELATION TO THE CREATION AND





DISTRIBUTION OF SUCH ACCOUNT RECORDS.

**Initiated By:** FINRA

**Date Initiated:** 12/21/2016

**Docket/Case Number:** [2015045887301](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/21/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$900,000.00

**Other Sanctions Ordered:** ADDITIONAL UNDERTAKINGS TO REVIEW POLICIES AND PROCEDURES.

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$900,000.00.

#### Disclosure 24 of 124

**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 MAINTAIN OVER 18.3 MILLION ELECTRONIC COMMUNICATIONS IN NON-ERASABLE AND NO-REWRITABLE FORMAT, KNOWN AS WORM ("WRITE ONCE, READ MANY") FORMAT. THE FINDINGS STATED THAT THE WORM FORMAT IS INTENDED TO PREVENT THE ALTERATION OR DESTRUCTION OF BROKER-DEALER RECORDS MAINTAINED ON ELECTRONIC STORAGE MEDIA. IN ADDITION, THE FIRM FAILED TO RETAIN CHECK REGISTERS IN WORM FORMAT. THE FINDINGS ALSO STATED THAT THE FIRM'S WSPS FAILED TO HAVE AN ADEQUATE SUPERVISORY PROCESS CONCERNING WORM COMPLIANCE.

**Initiated By:** FINRA

**Date Initiated:** 12/21/2016

**Docket/Case Number:** [2014043539001](#)



**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** N/A  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/21/2016  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$750,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$750,000. FINES PAID IN FULL ON 12/28/16.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, LPL FINANCIAL LLC ("THE FIRM") CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO MAINTAIN OVER 18.3 MILLION ELECTRONIC COMMUNICATIONS IN NON-ERASABLE AND NO RE-WRITABLE FORMAT, KNOWN AS WORM ("WRITE ONCE, READ MANY") FORMAT. THE FINDINGS STATED THAT THE WORM FORMAT IS INTENDED TO PREVENT THE ALTERATION OR DESTRUCTION OF BROKER DEALER RECORDS MAINTAINED ON ELECTRONIC STORAGE MEDIA. IN ADDITION, THE FIRM FAILED TO RETAIN CHECK REGISTERS IN WORM FORMAT. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO HAVE AN ADEQUATE SUPERVISORY PROCESS CONCERNING WORM COMPLIANCE.

**Initiated By:** FINRA  
**Date Initiated:** 12/21/2016  
**Docket/Case Number:** [2014043539001](#)



**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** N/A  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/21/2016  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$750,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$750,000.00.

#### Disclosure 25 of 124

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE MONTANA SECURITIES DEPARTMENT (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MONTANA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.  
**Initiated By:** MONTANA SECURITIES DEPARTMENT  
**Date Initiated:** 07/18/2016  
**Docket/Case Number:** SEC 2013-59  
**Principal Product Type:** Other  
**Other Product Type(s):** NON-TRADED REITS  
**Principal Sanction(s)/Relief Sought:** Cease and Desist  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent



<b>Resolution Date:</b>	07/18/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$11,397.81 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION; INVESTIGATION COSTS OF \$29,112.18.
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MONTANA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$40,509.99 WHICH WAS REMITTED ON OR ABOUT MAY 31, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MONTANA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MONTANA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$11,397.81 AND INVESTIGATIVE COSTS IN THE AMOUNT OF \$29,112.18. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ENFORCEMENT SECTION ALLEGES THAT LPL ADVISOR, ROGER S. ZULLO, FABRICATED THE SUITABILITY PROFILES OF NUMEROUS LPL CLIENTS, SELLING THEM SCORES OF LARGE, ILLIQUID, UNSUITABLE, HIGH COMMISSION VARIABLE ANNUITIES, AT SUBSTANTIAL UPFRONT PROFITS TO HIMSELF AND LPL, IN VIOLATION OF SECTIONS 101, 102, AND 204(A)(2)(G) OF THE ACT. THE ENFORCEMENT SECTION FURTHER ALLEGES THAT LPL FAILED IN ITS RESPONSIBILITY TO SUPERVISE ROGER S. ZULLO, IN VIOLATION OF SECTION 204(A)(2)(J).
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	12/01/2016
<b>Docket/Case Number:</b>	E-2016-0039
<b>Principal Product Type:</b>	Annuity(ies) - Variable
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, CENSURE, MONETARY FINE, DISGORGEMENT, INTERNAL INVESTIGATION
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	01/27/2017
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$975,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	RESTITUTION AND DISGORGEMENT TO BE DETERMINED, BASED ON RESULTS OF LPL FINANCIAL'S INVESTIGATION AND ACCOUNTING; \$975,000.00 FINE.

#### Disclosure 27 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTISTATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS



ASSOCIATION INC. (NASAA), THE HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS HAWAII REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

**Date Initiated:** 08/25/2016

**Docket/Case Number:** SEU-2015-044

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 08/25/2016

**Sanctions Ordered:** Monetary/Fine \$19,825.37  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN HAWAII RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$19,825.37 WHICH WAS REMITTED ON OR ABOUT AUGUST 18, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN



PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO HAWAII RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO HAWAII RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$19,825.37. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 28 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS (OFFICE) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS LOUISIANA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS
<b>Date Initiated:</b>	07/20/2016
<b>Docket/Case Number:</b>	OFI-2016-003
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	07/20/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$64,363.95



Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:**

LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OFFICE. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN LOUISIANA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OFFICE A SUM IN THE AMOUNT OF \$64,363.95 WHICH WAS REMITTED ON OR ABOUT JULY 11, 2016.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OFFICE ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO LOUISIANA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO LOUISIANA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE OFFICE A CIVIL PENALTY IN THE AMOUNT OF \$64,363.95. FINALLY, THE OFFICE AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

**Disclosure 29 of 124**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE





TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE MARYLAND SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MARYLAND REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** MARYLAND SECURITIES DIVISION

**Date Initiated:** 07/27/2016

**Docket/Case Number:** 2015-0464

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 07/27/2016

**Sanctions Ordered:** Monetary/Fine \$28,172.31  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MARYLAND RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$28,172.31 WHICH WAS REMITTED ON OR ABOUT JULY 22, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES



OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MARYLAND RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MARYLAND RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$28,172.31. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 30 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE WYOMING SECRETARY OF STATE COMPLIANCE DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS WYOMING REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	WYOMING SECRETARY OF STATE COMPLIANCE DIVISION
<b>Date Initiated:</b>	07/05/2016
<b>Docket/Case Number:</b>	15-03
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	07/05/2016



<b>Sanctions Ordered:</b>	Monetary/Fine \$12,344.55 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN WYOMING RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$12,344.55 WHICH WAS REMITTED ON OR ABOUT JULY 1, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO WYOMING RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO WYOMING RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$12,344.55. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 31 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final



<b>Allegations:</b>	THE ENFORCEMENT DIVISION ALLEGED THAT LPL FINANCIAL LLC FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS IN CONNECTION WITH NON-TRADED REITS. THE ENFORCEMENT DIVISION ALSO ALLEGED THAT LPL FINANCIAL LLC ALSO FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES.
<b>Initiated By:</b>	OKLAHOMA DEPARTMENT OF SECURITIES
<b>Date Initiated:</b>	05/03/2016
<b>Docket/Case Number:</b>	16-017
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, CIVIL PENALTIES, OFFER OF REMEDIATION TO OKLAHOMA CUSTOMERS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/03/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$21,245.14 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CEASE AND DESIST ORDERED, FINE PAID
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE OKLAHOMA DEPARTMENT OF SECURITIES (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL)



FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS OKLAHOMA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** OKLAHOMA DEPARTMENT OF SECURITIES

**Date Initiated:** 05/03/2016

**Docket/Case Number:** 16-017

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 05/03/2016

**Sanctions Ordered:** Monetary/Fine \$21,245.14  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN OKLAHOMA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$21,245.14 WHICH WAS REMITTED ON OR ABOUT MAY 6, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO OKLAHOMA RESIDENTS. WITHOUT ADMITTING OR DENYING THE



ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO OKLAHOMA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$21,245.14. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 32 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE ENFORCEMENT SECTION ALLEGED THAT LPL FINANCIAL LLC FAILED TO SUPERVISE ITS AGENTS WHEN IT FAILED TO REVIEW THOSE AGENTS' MISLEADING COMMUNICATIONS WITH THE PUBLIC IN CONNECTION WITH THE PURCHASE AND SALE OF AN AGENTS' BOOK OF BUSINESS.

THE ENFORCEMENT SECTION ALSO ALLEGED THAT LPL FINANCIAL LLC FAILED TO SUPERVISE ITS AGENT WHEN SUCH AGENT BORROWED MONEY FROM A CLIENT AND LOST THAT MONEY IN SPECULATIVE TRADING FOR HIS OWN ACCOUNT.

**Initiated By:** MASSACHUSETTS

**Date Initiated:** 08/20/2015

**Docket/Case Number:** E-2015-0112

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CEASE AND DESIST, CENSURE, FINE, CHANGES TO POLICIES AND PROCEDURES, EMPLOYEE TRAINING.

**Resolution:** Consent

**Resolution Date:** 06/30/2016



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	CHANGES TO POLICIES AND PROCEDURES, EMPLOYEE TRAINING.
<b>Sanction Details:</b>	\$100,000 FINE PAID TO COMMONWEALTH OF MASSACHUSETTS. \$217,750 RESTITUTION PAID TO CLIENT WHO LENT MONEY TO AGENT. ACCOUNTING OF INVESTMENT ADVISORY FEES AND BROKER-DEALER COMMISSIONS PENDING, ESTIMATED TO BE MORE THAN \$200,000.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ENFORCEMENT SECTION ALLEGED THAT DURING THE TIME PERIOD OF JANUARY 1, 2014 TO JUNE 30, 2016, LPL FINANCIAL LLC FAILED TO SUPERVISE ITS AGENTS WHEN IT FAILED TO REVIEW THOSE AGENTS' MISLEADING COMMUNICATIONS WITH THE PUBLIC IN CONNECTION WITH THE PURCHASE AND SALE OF AN AGENTS' BOOK OF BUSINESS. THE ENFORCEMENT SECTION ALSO ALLEGED THAT LPL FINANCIAL LLC FAILED TO SUPERVISE ITS AGENT WHEN SUCH AGENT BORROWED MONEY FROM A CLIENT AND LOST THAT MONEY IN SPECULATIVE TRADING FOR HIS OWN ACCOUNT.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	06/30/2016
<b>Docket/Case Number:</b>	E-2015-0112
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, CENSURE, FINE, CHANGES TO POLICIES AND PROCEDURES, EMPLOYEE TRAINING.



**Resolution:** Consent

**Resolution Date:** 06/30/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** CHANGES TO POLICIES AND PROCEDURES, EMPLOYEE TRAINING.

**Sanction Details:** \$100,000 FINE PAID TO COMMONWEALTH OF MASSACHUSETTS. \$217,750 RESTITUTION PAID TO CLIENT WHO LENT MONEY TO AGENT. ACCOUNTING OF INVESTMENT ADVISORY FEES AND BROKER-DEALER COMMISSIONS PENDING, ESTIMATED TO BE MORE THAN \$200,000.

#### Disclosure 33 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** DIRECTOR OF THE OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES ALLEGED THAT LPL FINANCIAL, LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND FAILED TO ENFORCE ITS PROCEDURES TO SUPERVISE ITS OREGON SALESPERSONS REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES, DIVISION OF FINANCIAL REGULATION.

**Date Initiated:** 04/29/2016

**Docket/Case Number:** S-15-0126

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS.

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

**Other Sanction(s)/Relief Sought:** CIVIL PENALTY, OFFERS OF REMEDIATION.

**Resolution:** Consent

**Resolution Date:** 04/29/2016





<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$24,642.20
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	LPL CONSENTED TO THE ENTRY OF THE FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER BY THE OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES. LPL ALSO AGREED TO: (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN OREGON RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES; AND (2) PAY TO THE OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES A CIVIL PENALTY IN THE AMOUNT OF \$24,642.20, WHICH WAS REMITTED ON OR ABOUT APRIL 26, 2016.
<b>Regulator Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL SALESPERSONS DURING JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE OREGON DIVISION OF FINANCIAL REGULATION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS OREGON REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	OREGON DIVISION OF FINANCIAL REGULATION
<b>Date Initiated:</b>	04/29/2016
<b>Docket/Case Number:</b>	S-15-0126
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist



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

**Resolution:** Consent

**Resolution Date:** 04/29/2016

**Sanctions Ordered:** Monetary/Fine \$24,642.20  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN OREGON RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$24,642.20 WHICH WAS REMITTED ON OR ABOUT APRIL 25, 2016.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO OREGON RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO OREGON RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$24,642.20. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



## Disclosure 34 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE SOUTH CAROLINA SECURITIES COMMISSION (SECURITIES COMMISSION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS SOUTH CAROLINA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	SOUTH CAROLINA SECURITIES COMMISSION
<b>Date Initiated:</b>	03/30/2016
<b>Docket/Case Number:</b>	15037
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/30/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$80,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE SECURITIES COMMISSION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN SOUTH CAROLINA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE SECURITIES COMMISSION A SUM IN THE AMOUNT OF \$80,000 WHICH WAS REMITTED ON OR ABOUT MARCH 21, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD



JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE SECURITIES COMMISSION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO SOUTH CAROLINA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO SOUTH CAROLINA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE SECURITIES COMMISSION A CIVIL PENALTY IN THE AMOUNT OF \$80,000. FINALLY, THE SECURITIES COMMISSION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 35 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN ADMINISTRATORS ASSOCIATION, INC. (NASAA), THE ARKANSAS SECURITIES COMMISSIONER ALLEGED THAT LPL FINANCIAL, LLC (LPL) FAILED TO IMPLEMENT AN SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS ARKANSAS REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	ARKANSAS
<b>Date Initiated:</b>	04/26/2016
<b>Docket/Case Number:</b>	S-15-0038
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS



<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/26/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$19,347.74 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE ARKANSAS SECURITIES DEPARTMENT. LPL ALSO AGREED TO (1) OFFER REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN ARKANSAS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE ARKANSAS SECURITIES DEPARTMENT A SUM IN THE AMOUNT OF \$19,347.74 WHICH WAS REMITTED ON OR ABOUT APRIL 26, 2016.
<b>Regulator Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBER OF NASAA.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE ARKANSAS SECURITIES DEPARTMENT (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS ARKANSAS REPRESENTATIVES



REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** ARKANSAS SECURITIES DEPARTMENT

**Date Initiated:** 04/26/2016

**Docket/Case Number:** S-15-0038

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 04/26/2016

**Sanctions Ordered:** Monetary/Fine \$19,347.74  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN ARKANSAS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$19,347.74 WHICH WAS REMITTED ON OR ABOUT APRIL 21, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO ARKANSAS RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO ARKANSAS RESIDENTS IN VIOLATION OF



GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$19,347.74. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 36 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEE OHIO DIVISION OF SECURITIES ORDER NO. 16-008.
<b>Initiated By:</b>	OHIO DIVISION OF SECURITIES.
<b>Date Initiated:</b>	03/14/2016
<b>Docket/Case Number:</b>	16-008
<b>URL for Regulatory Action:</b>	<a href="https://www.comapps.ohio.gov/secu/secu_apps/finalorders/files/2016/16-008%20LPL%20FINANCIAL%20CONSENT%20ORDER.PDF">HTTPS://WWW.COMAPPS.OHIO.GOV/SECU/SECU_APPS/FINALORDERS/FILES/2016/16-008%20LPL%20FINANCIAL%20CONSENT%20ORDER.PDF</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REIT'S.
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/14/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Disgorgement/Restitution



Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** RESTITUTION WAS ORDERED. NO PORTION WAS WAIVED.

**Regulator Statement** SEE OHIO DIVISION OF SECURITIES ORDER NO. 16-008.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE OHIO DIVISION OF SECURITIES (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS OHIO REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** OHIO DIVISION OF SECURITIES

**Date Initiated:** 03/14/2016

**Docket/Case Number:** 16-008

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 03/14/2016

**Sanctions Ordered:** Monetary/Fine \$32,522.13  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN OHIO RESIDENTS IN VIOLATION OF





CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$32,522.13 WHICH WAS REMITTED ON OR ABOUT MARCH 11, 2016.

### Firm Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO OHIO RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO OHIO RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$32,522.13. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

### Disclosure 37 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE TENNESSEE SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS TENNESSEE REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	TENNESSEE SECURITIES DIVISION
<b>Date Initiated:</b>	03/04/2016
<b>Docket/Case Number:</b>	15002



<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/04/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$33,714.11 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN TENNESSEE RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$33,714.11 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 22, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO TENNESSEE RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO TENNESSEE RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$33,714.11. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY



STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 38 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE WISCONSIN DIVISION OF SECURITIES (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS WISCONSIN REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	WISCONSIN DIVISION OF SECURITIES
<b>Date Initiated:</b>	03/02/2016
<b>Docket/Case Number:</b>	S-233431(LX)
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/02/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$25,928.70 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN WISCONSIN RESIDENTS IN VIOLATION OF



CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$25,928.70 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 18, 2016.

### Firm Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO WISCONSIN RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO WISCONSIN RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$25,928.70. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

### Disclosure 39 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE U.S. VIRGIN ISLANDS DIVISION OF BANKING AND INSURANCE (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS U.S. VIRGIN ISLANDS REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** U.S. VIRGIN ISLANDS DIVISION OF BANKING AND INSURANCE

**Date Initiated:** 03/11/2016



**Docket/Case Number:** 6

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 03/11/2016

**Sanctions Ordered:** Monetary/Fine \$10,013.22  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN U.S. VIRGIN ISLANDS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$10,013.22 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 24, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO U.S. VIRGIN ISLANDS RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO U.S. VIRGIN ISLANDS RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$10,013.22. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY



DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 40 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL CONSENTED TO THE ENTRY OF A CONSENT ORDER WITH THE INSURANCE COMMISSIONER OF THE STATE OF WASHINGTON, AFTER ITS INVESTIGATION INTO THE CONDUCT OF A NON-RESIDENT INSURANCE PRODUCER AFTER RECEIVING A COMPLAINT FROM AN INSURED ALLEGING THAT HE MISREPRESENTED THE BENEFITS AND SUITABILITY OF AN ANNUITY. MORE THAN ONE OF THE INSURANCE PRODUCERS' VIOLATIONS WERE KNOWN OR SHOULD HAVE BEEN KNOWN BY ONE OR MORE INDIVIDUALS ACTING ON BEHALF OF LPL, AND LPL NEITHER REPORTED THE VIOLATIONS NOR TOOK CORRECTIVE ACTION. THE INSURANCE COMMISSIONER LEVIED A FINE IN THE AMOUNT OF \$2,000.00.
<b>Initiated By:</b>	WASHINGTON INSURANCE COMMISSIONER
<b>Date Initiated:</b>	02/19/2016
<b>Docket/Case Number:</b>	15-0242
<b>Principal Product Type:</b>	Insurance
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/19/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	LPL PAID A FINE IN THE AMOUNT OF \$2,000.00 ON OR AROUND FEBRUARY 19, 2016.



## Disclosure 41 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS KENTUCKY REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS
<b>Date Initiated:</b>	02/29/2016
<b>Docket/Case Number:</b>	2016-AH-0010
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/29/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$22,841.84 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN KENTUCKY RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$22,841.84 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 17, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD

JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO KENTUCKY RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO KENTUCKY RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$22,841.84. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 42 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE ALABAMA SECURITIES COMMISSION (COMMISSION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS ALABAMA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	ALABAMA SECURITIES COMMISSION
<b>Date Initiated:</b>	02/09/2016
<b>Docket/Case Number:</b>	CO-2016-0002
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief</b>	Cease and Desist



**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 02/09/2016**Sanctions Ordered:** Monetary/Fine \$18,267.52  
Disgorgement/Restitution  
Cease and Desist/Injunction**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE COMMISSION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN ALABAMA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE COMMISSION A SUM IN THE AMOUNT OF \$18,267.52 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 2, 2016.**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE COMMISSION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO ALABAMA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO ALABAMA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE COMMISSION A CIVIL PENALTY IN THE AMOUNT OF \$18,267.52, OF WHICH \$8,267.52 REPRESENTS PARTIAL REIMBURSEMENT FOR THE COMMISSION'S COST FOR INVESTIGATING THIS MATTER. FINALLY, THE COMMISSION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM



RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 43 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE NORTH DAKOTA SECURITIES DEPARTMENT (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS NORTH DAKOTA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	NORTH DAKOTA SECURITIES DEPARTMENT
<b>Date Initiated:</b>	02/09/2016
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/09/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$11,012.50 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN NORTH DAKOTA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF



\$11,012.50 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 2, 2016.

### Firm Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO NORTH DAKOTA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO NORTH DAKOTA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$11,012.50, NORTH DAKOTA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

### Disclosure 44 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** LPL FAILED TO ENFORCE THEIR OWN SUPERVISORY PROCEDURES WITH RESPECT OF FINANCIAL STATEMENT REVIEWS, AND THEREFORE VIOLATED 115.10(B)(1) OF THE TEXAS STATE SECURITIES BOARD RULES ("RULES"). LPL RECEIVED A TIP THAT AN AGENT RECEIVED A LOAN FROM A CLIENT FOR ONE MILLION (\$1,000,000). LPL DID CONDUCT A REVIEW OF THE LOAN, IN WHICH THE AGENT PROVIDED THE NAME OF THE SOURCE OF THE LOAN; HOWEVER, LPL FAILED TO IDENTIFY THAT THE SOURCE WAS IN FACT A CLIENT OF THE AGENT. EIGHTEEN MONTHS LATER AGAIN THE SAME AGENT AGAIN RECEIVED ANOTHER LOAN FROM THE SAME CLIENT. LPL OPENED ANOTHER REVIEW AND THIS TIME WAS ABLE TO IDENTIFY THAT THE LOAN WAS FROM A CLIENT. LPL TERMINATED SAID



AGENT.  
LPL TERMINATION OF THE AGENT IS IN RESPONSE TO FRIM PROCEDURES; HOWEVER, TERMINATION OF AGENT SHOULD HAVE OCCURRED EIGHTEEN MONTHS EARLIER.

**Initiated By:** TEXAS

**Date Initiated:** 02/18/2016

**Docket/Case Number:** IC16-CAF-02

**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:** 02/18/2016

**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 \$95,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** UNDERTAKING TO IMPLEMENT PROCEDURAL ENHANCEMENTS WITHIN 90 DAYS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN MAY 2015, THE STAFF OF THE TEXAS STATE SECURITIES BOARD INITIATED AN INVESTIGATION INTO LPL'S FINANCIAL STATEMENT REVIEWS FOR AGENTS REGISTERED WITH THE TEXAS SECURITIES COMMISSIONER. IN CERTAIN INSTANCES, DURING THE RELEVANT PERIODS OF JANUARY 2011 THROUGH SEPTEMBER 2011 AND JUNE 2014 THROUGH DECEMBER 2014, THE FINANCIAL STATEMENT REVIEWS WERE NOT CONDUCTED IN ACCORDANCE WITH RESPONDENT'S WRITTEN SUPERVISORY



PROCEDURES.

**Initiated By:** TEXAS STATE SECURITIES BOARD

**Date Initiated:** 02/18/2016

**Docket/Case Number:** IC16-CAF-02

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 02/18/2016

**Sanctions Ordered:** Monetary/Fine \$95,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** LPL CONSENTED TO THE ENTRY OF THE ORDER AND AGREED TO (1) PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$95,000.00 TO THE GENERAL FUND OF THE STATE OF TEXAS, (2) IMPLEMENT PROCEDURAL ENHANCEMENTS DESIGNED TO ACCOUNT FOR THE DOLLAR AMOUNT OF DEPOSITS FOR DEBITS AND CREDITS, EXCLUDING THOSE MADE TO THE AGENT BY LPL, AND WHETHER THE RECIPIENT OF THE PAYMENT IS AN ENTITY OR INDIVIDUAL, AND (3) FURTHER IMPLEMENT PROCEDURAL ENHANCEMENTS WHICH REQUIRE SUPPORTING DOCUMENTATION FOR CERTAIN DEPOSITS NOT MADE BY LPL TO THE AGENT.

**Firm Statement** LPL HAS UNDERTAKEN A NUMBER OF ENHANCEMENTS TO ITS POLICIES AND PROCEDURES RELATING TO FINANCIAL STATEMENT REVIEWS. THE ENHANCEMENTS INCLUDED, AMONG OTHER THINGS, MANAGER ESCALATION MEETINGS, AS WELL AS CREATING AN ESCALATION REVIEW COMMITTEE, ADDITIONAL QUALITY CONTROL REVIEWS, CENTRALIZATION OF REVIEW DOCUMENTATION, AND A REQUIREMENT FOR DBA OWNERS TO KEEP AT LEAST THE MOST RECENT SIX MONTHS OF ALL DBA STATEMENTS AND CHECK COPIES ON FILE. IN ADDITION, PURSUANT TO THE UNDERTAKINGS, LPL WILL BE IMPLEMENTING FURTHER ENHANCEMENTS TO ITS PROCEDURES, FOCUSED PRIMARILY ON CREATING MONETARY THRESHOLDS THAT DEFINE ESCALATION CRITERIA AND THE REQUIREMENT, IN CERTAIN CIRCUMSTANCES, TO OBTAIN ADDITIONAL SUPPORTING DOCUMENTATION FROM THE ADVISOR. LPL RENDERED SUBSTANTIAL COOPERATION IN THE STAFF'S INVESTIGATION.



## Disclosure 45 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN ADMINISTRATORS ASSOCIATION, INC. (NASAA), THE OFFICE OF THE KANSAS SECURITIES COMMISSIONER ALLEGED THAT LPL FINANCIAL, LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS KANSAS REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	KANSAS
<b>Date Initiated:</b>	02/26/2016
<b>Docket/Case Number:</b>	16E002/2016-6358
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/26/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$16,182.86 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE KANSAS



SECURITIES COMMISSIONER. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN KANSAS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OFFICE OF THE KANSAS SECURITIES COMMISSIONER A SUM IN THE AMOUNT OF \$16,182.86 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 26, 2016.

## Regulator Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OFFICE OF THE KANSAS SECURITIES COMMISSIONER ALLEGED THAT DURING THE RELEVANT PERIOD, LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO KANSAS RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO KANSAS RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE KANSAS SECURITIES COMMISSIONER A CIVIL PENALTY IN THE AMOUNT OF \$16,182.86, KANSAS' ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE KANSAS SECURITIES COMMISSIONER AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

## Reporting Source:

Firm

## Current Status:

Final

## Allegations:

IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE OFFICE OF THE KANSAS SECURITIES COMMISSIONER (OFFICE) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS KANSAS REPRESENTATIVES



REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** OFFICE OF THE KANSAS SECURITIES COMMISSIONER

**Date Initiated:** 02/26/2016

**Docket/Case Number:** 16E002/2016-6358

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 02/26/2016

**Sanctions Ordered:** Monetary/Fine \$16,182.86  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OFFICE. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN KANSAS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OFFICE A SUM IN THE AMOUNT OF \$16,182.86 WHICH WAS REMITTED ON OR ABOUT FEBRUARY 22, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OFFICE ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO KANSAS RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO KANSAS RESIDENTS IN VIOLATION OF GUIDELINES DURING THE





RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE OFFICE A CIVIL PENALTY IN THE AMOUNT OF \$16,182.86. FINALLY, THE OFFICE AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 46 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS WASHINGTON REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION
<b>Date Initiated:</b>	01/15/2016
<b>Docket/Case Number:</b>	S-15-1795-15-C001
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	01/15/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$65,766.07 Disgorgement/Restitution Cease and Desist/Injunction



<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN WASHINGTON RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$65,766.07 WHICH WAS REMITTED ON OR ABOUT JANUARY 12, 2016.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO WASHINGTON RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO WASHINGTON RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$65,766.07, WASHINGTON'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 47 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE CALIFORNIA DEPARTMENT OF BUSINESS



OVERSIGHT (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS CALIFORNIA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT

**Date Initiated:** 01/29/2016

**Docket/Case Number:** N/A

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 01/29/2016

**Sanctions Ordered:** Monetary/Fine \$140,220.11  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN CALIFORNIA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$140,220.11 WHICH WAS REMITTED ON OR ABOUT JANUARY 11, 2016.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO



CALIFORNIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CALIFORNIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$140,220.11, CALIFORNIA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 48 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTISTATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE COLORADO DIVISION OF SECURITIES (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS COLORADO REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	COLORADO DIVISION OF SECURITIES
<b>Date Initiated:</b>	12/30/2015
<b>Docket/Case Number:</b>	2016-L-09
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/30/2015



<b>Sanctions Ordered:</b>	Monetary/Fine \$40,183.94 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE STIPULATION FOR CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN COLORADO RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$40,183.94 WHICH WAS REMITTED ON OR ABOUT DECEMBER 17, 2015.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO COLORADO RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO COLORADO RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$40,183.94, COLORADO'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

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<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final



**Allegations:** N/A  
**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION  
**Date Initiated:** 12/30/2015  
**Docket/Case Number:** 62466-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:** 12/30/2015  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Monetary/Fine \$50,555.39  
**Other Sanctions Ordered:** N/A  
**Sanction Details:** 12/30/2015 - \$50,555.39 ADMINISTRATIVE FINE PAID IN FULL.  
**Regulator Statement** ON DECEMBER 30, 2015, THE OFFICE OF FINANCIAL REGULATION, IN CONJUNCTION WITH A MULTI-STATE SETTLEMENT, ENTERED A FINAL ORDER AGAINST LPL FINANCIAL, LLC. THE OFFICE FOUND THAT LPL FINANCIAL, LLC FAILED TO IMPLEMENT, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM REGARDING THE SALE, THROUGH FLORIDA REPRESENTATIVES, OF NON-TRADED REITS. IN ACCORDANCE WITH THE TERMS OF THE SETTLEMENT, LPL FINANCIAL, LLC AGREES TO OFFER REMEDIATE LOSES FOR NON-TRADED REITS SOLD BY THE FIRM TO FLORIDA RESIDENTS, TO CREATE A TEAM TO ASSIST FLORIDA INVESTORS WITH THE REMEDIATION PROCESS. LPL FINANCIAL, LLC AGREED TO PAY AN ADMINISTRATIVE FINE OF \$50,555.39.

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION (OFFICE) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS FLORIDA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	12/30/2015
<b>Docket/Case Number:</b>	62466-S
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	12/30/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$50,555.39 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE STIPULATION AND CONSENT AGREEMENT (AGREEMENT), AND CONSENTED TO THE ENTRY OF THE AGREEMENT BY THE OFFICE. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN FLORIDA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OFFICE A SUM IN THE AMOUNT OF \$50,555.39 WHICH WAS REMITTED ON OR ABOUT DECEMBER 11, 2015.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER



ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OFFICE ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO FLORIDA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO FLORIDA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE OFFICE A CIVIL PENALTY IN THE AMOUNT OF \$50,555.39, FLORIDA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE OFFICE AND LPL AGREED THAT THE AGREEMENT WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE IOWA INSURANCE DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS IOWA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	IOWA INSURANCE DIVISION
<b>Date Initiated:</b>	01/05/2016
<b>Docket/Case Number:</b>	88827
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	





<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	01/05/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$16,638.57 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN IOWA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$16,638.57 WHICH WAS REMITTED ON OR ABOUT DECEMBER 21, 2015.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO IOWA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO IOWA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$16,638.57, IOWA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** AT ALL TIMES RELEVANT, AND PURSUANT TO MICHIGAN LAW, LPL WAS REQUIRED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING THE SALE OF NON-TRADED REITS PURSUANT TO SECTION 412(4)(I) OF THE SECURITIES ACT, MCL 451.2412(4)(I), AND LPL WAS REQUIRED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS.

BASED UPON THE ABOVE FACTS, FROM AND INCLUDING JANUARY 1, 2008 THROUGH DECEMBER 31, 2013, LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM PURSUANT TO MCL 451.2412(4)(I), REGARDING ITS SALE, THROUGH MICHIGAN REPRESENTATIVES, OF NON-TRADED REITS.

FROM AND INCLUDING JANUARY 1, 2008, THROUGH DECEMBER 31, 2013, LPL FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES IN VIOLATION OF MCL 451.2412(4)(I).

AS A RESULT, THIS CONSENT ORDER AND THE FOLLOWING RELIEF IS APPROPRIATE AND IN THE PUBLIC INTEREST.

**Initiated By:** MICHIGAN

**Date Initiated:** 12/21/2015

**Docket/Case Number:** 327800

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** REIT

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

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

**Resolution:** Consent

**Resolution Date:** 12/21/2015



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

**Sanctions Ordered:** Monetary/Fine \$38,133.80

**Other Sanctions Ordered:** ADMINISTRATIVE CONSENT ORDER

**Sanction Details:** \$38133.80

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MICHIGAN REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

**Date Initiated:** 12/21/2015

**Docket/Case Number:** 327800

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/21/2015

**Sanctions Ordered:** Monetary/Fine \$38,133.80  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:**

LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MICHIGAN RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$38,133.80 WHICH WAS REMITTED ON OR ABOUT DECEMBER 29, 2015.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MICHIGAN RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MICHIGAN RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$38,133.80, MICHIGAN'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

**Disclosure 52 of 124**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE MINNESOTA DEPARTMENT OF COMMERCE (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL)



FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MINNESOTA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** MINNESOTA DEPARTMENT OF COMMERCE

**Date Initiated:** 12/16/2015

**Docket/Case Number:** 39265

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/16/2015

**Sanctions Ordered:** Monetary/Fine \$41,209.74  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:**

LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MINNESOTA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$41,209.74 WHICH WAS REMITTED ON OR ABOUT DECEMBER 15, 2015.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MINNESOTA RESIDENTS. WITHOUT ADMITTING OR DENYING THE

ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MINNESOTA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$41,209.74, MINNESOTA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 53 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE NEBRASKA DEPARTMENT OF BANKING & FINANCE (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS NEBRASKA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	NEBRASKA DEPARTMENT OF BANKING & FINANCE
<b>Date Initiated:</b>	12/29/2015
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/29/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$16,736.07



Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN NEBRASKA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$16,736.07 WHICH WAS REMITTED ON OR ABOUT DECEMBER 17, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO NEBRASKA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO NEBRASKA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$16,736.07, NEBRASKA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 54 of 124

**Reporting Source:** Firm  
**Current Status:** Final



**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE GEORGIA SECURITIES DIVISION (DIVISION) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS GEORGIA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** GEORGIA SECURITIES DIVISION

**Date Initiated:** 01/08/2016

**Docket/Case Number:** ENSC-160589

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 01/08/2016

**Sanctions Ordered:** Monetary/Fine \$28,021.63  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN GEORGIA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$28,021.63 WHICH WAS REMITTED ON OR ABOUT DECEMBER 17, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO





IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO GEORGIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO GEORGIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$28,021.63, GEORGIA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 55 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	DURING THE TIME PERIOD FROM AND INCLUDING JANUARY 1, 2008 THROUGH DECEMBER 31,2013, LPL FINANCIAL ("THE FIRM") OFFERED MULTIPLE NON-TRADED REITS THROUGH ITS BRANCH OFFICES IN IDAHO AND INTO IDAHO FROM LPL BRANCHES LOCATED OUTSIDE THE STATE OF IDAHO THAT EXCEEDED THE FIRM'S ALTERNATIVE INVESTMENT GUIDELINES.
<b>Initiated By:</b>	IDAHO DEPARTMENT OF FINANCE
<b>Date Initiated:</b>	10/20/2015
<b>Docket/Case Number:</b>	2015-7-10
<b>URL for Regulatory Action:</b>	<a href="http://www.finance.idaho.gov/securities/actions/administrative/2015/4563-2015-7-10-LPL-FINANCIAL-LLC-A&amp;O.PDF">HTTP://WWW.FINANCE.IDAHO.GOV/SECURITIES/ACTIONS/ADMINISTRATIVE/2015/4563-2015-7-10-LPL-FINANCIAL-LLC-A&amp;O.PDF</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REIT SALES TRANSACTIONS
<b>Principal Sanction(s)/Relief Sought:</b>	Other



<b>Other Sanction(s)/Relief Sought:</b>	CONSENT ORDER
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/21/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$17,738.18
<b>Other Sanctions Ordered:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACTS AND CONCLUSIONS OF LAW, LPL AGREES TO CEASE AND DESIST FROM ITS VIOLATIONS OF RULES 105.01 AND 105.03 OF THE RULES PURSUANT TO THE IDAHO UNIFORM SECURITIES ACT (IDAPA 120.01.08). LPL SHALL OFFER TO REMEDIATE LOSSES FOR ALL NON-TRADED REITS SOLD BY LPL TO LPL CLIENTS THAT EXCEEDED SUITABILITY LIMITS.
<b>Sanction Details:</b>	CIVIL PENALTY OF \$17,738.18
<b>Regulator Statement</b>	THE ORDER ALLEGES THAT FROM AND INCLUDING JANUARY 1, 2008 THROUGH DECEMBER 31, 2013, LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES 105.01 AND 105.03 OF THE RULES PURSUANT TO THE IDAHO UNIFORM SECURITIES ACT (IDAPA 120.01.08) REGARDING ITS SALE, OF NON-TRADED REITS. ADDITIONALLY FROM AND INCLUDING JANUARY 1, 2008 THROUGH DECEMBER 31, 2013, LPL FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. (NASAA), THE IDAHO DEPARTMENT OF FINANCE (DEPARTMENT) ALLEGED THAT LPL FINANCIAL LLC (LPL) FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS IDAHO REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	IDAHO DEPARTMENT OF FINANCE



**Date Initiated:** 12/21/2015

**Docket/Case Number:** 2015-7-10

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/21/2015

**Sanctions Ordered:** Monetary/Fine \$17,738.18  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (ORDER), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN IDAHO RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$17,738.18 WHICH WAS REMITTED ON OR ABOUT DECEMBER 11, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (RELEVANT PERIOD) REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO IDAHO RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO IDAHO RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE



AMOUNT OF \$17,738.18, IDAHO'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 56 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE MISSISSIPPI SECURITIES DIVISION (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MISSISSIPPI REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	MISSISSIPPI SECURITIES DIVISION
<b>Date Initiated:</b>	11/24/2015
<b>Docket/Case Number:</b>	LS-15-1497
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/24/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$19,253.45 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE CONSENT



ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MISSISSIPPI RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$19,253.45 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.

#### Firm Statement

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTI-STATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MISSISSIPPI RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MISSISSIPPI RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$19,253.45, MISSISSIPPI'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 57 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF PUERTO RICO (THE "OCFI") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO



IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS PUERTO RICO REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** THE OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF PUERTO RICO

**Date Initiated:** 11/23/2015

**Docket/Case Number:** N/A

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 11/23/2015

**Sanctions Ordered:** Monetary/Fine \$10,125.11  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE OCFI. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN PUERTO RICO RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE OCFI A SUM IN THE AMOUNT OF \$10,125.11 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE OCFI ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO PUERTO



RICO RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO PUERTO RICO RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE OCFI A CIVIL PENALTY IN THE AMOUNT OF \$10,125.11, PUERTO RICO'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE OCFI AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 58 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE NEW MEXICO SECURITIES DIVISION (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS NEW MEXICO REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	NEW MEXICO SECURITIES DIVISION
<b>Date Initiated:</b>	11/24/2015
<b>Docket/Case Number:</b>	15-09-0049
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/24/2015
<b>Sanctions Ordered:</b>	Censure



Monetary/Fine \$11,528.48  
 Disgorgement/Restitution

**Other Sanctions Ordered:**

UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:**

LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN NEW MEXICO RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$11,528.48 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO NEW MEXICO RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO NEW MEXICO RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$11,528.48, NEW MEXICO'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

**Disclosure 59 of 124**

**Reporting Source:** Firm  
**Current Status:** Final





**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE SOUTH DAKOTA DIVISION OF SECURITIES (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS SOUTH DAKOTA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** SOUTH DAKOTA DIVISION OF SECURITIES

**Date Initiated:** 11/30/2015

**Docket/Case Number:** 2816

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 11/30/2015

**Sanctions Ordered:** Monetary/Fine \$12,500.70  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN SOUTH DAKOTA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$12,500.70 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 20, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO



IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO SOUTH DAKOTA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO SOUTH DAKOTA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$12,500.70, SOUTH DAKOTA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 60 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE INDIANA SECURITIES DIVISION (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS INDIANA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	INDIANA SECURITIES DIVISION
<b>Date Initiated:</b>	11/24/2015
<b>Docket/Case Number:</b>	15-0022 CA
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	



<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/24/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$19,041.63 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN INDIANA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$19,041.63 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO INDIANA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO INDIANA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$19,041.63, INDIANA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE TEXAS STATE SECURITIES BOARD (THE "BOARD") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS TEXAS REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** TEXAS STATE SECURITIES BOARD

**Date Initiated:** 12/01/2015

**Docket/Case Number:** IC15-CDO-04

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/01/2015

**Sanctions Ordered:** Monetary/Fine \$110,855.07  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE BOARD. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN TEXAS RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE BOARD A SUM IN THE AMOUNT OF \$110,855.07 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT,



INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE BOARD ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO TEXAS RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO TEXAS RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE BOARD A CIVIL PENALTY IN THE AMOUNT OF \$110,855.07 TEXAS' ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE BOARD AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 62 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE ALASKA DIVISION OF BANKING AND OF SECURITIES (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS ALASKA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	ALASKA DIVISION OF BANKING AND SECURITIES
<b>Date Initiated:</b>	12/03/2015
<b>Docket/Case Number:</b>	15-1804-S
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist



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

**Resolution:** Consent

**Resolution Date:** 12/03/2015

**Sanctions Ordered:** Monetary/Fine \$10,570.45  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT TO ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN ALASKA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$10,570.45 WHICH WAS REMITTED ON OR ABOUT DECEMBER 1, 2015.

**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO ALASKA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO ALASKA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$10,570.45, ALASKA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.



## Disclosure 63 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING THE SALE OF NON-TRADED REITS; AND LPL FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES.
<b>Initiated By:</b>	MISSOURI
<b>Date Initiated:</b>	12/03/2015
<b>Docket/Case Number:</b>	AP-15-42
<b>URL for Regulatory Action:</b>	<a href="https://www.sos.mo.gov/cmsimages/securities/orders/AP-15-42.pdf">HTTPS://WWW.SOS.MO.GOV/CMSIMAGES/SECURITIES/ORDERS/AP-15-42.PDF</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REIT'S AS A FORM OF "ALTERNATIVE INVESTMENT"
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	REMEDICATION; MONETARY PAYMENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/03/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$38,522.75 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REMEDICATION FOR LOSSES
<b>Sanction Details:</b>	LPL SHALL OFFER TO REMEDIATE LOSSES FOR ALL NON-TRADED REITS SOLD BY LPL TO MISSOURI RESIDENTS FROM 1/1/08 TO 12/31/13; LPL SHALL CREATE A TEAM DEDICATED TO ASSISTING MISSOURI INVESTORS WITH LPL'S REMEDIATION PROCESS; LPL SHALL SEND NOTICE OF THE OPPORTUNITY TO ACCEPT LPL'S OFFER OF REMEDIATION TO ALL ELIGIBLE MISSOURI INVESTORS; LPL MUST PROVIDE MISSOURI WITH THE



MOST RECENT CONTACT INFORMATION OF THE INVESTORS, RETAIN AN INDEPENDENT PARTY TO ANALYZE ELECTRONIC DATA FROM 1/1/08 TO 12/31/13 AND HAVE THEIR INTERNAL AUDIT DEPARTMENT REPORT THOSE FINDINGS TO NASAA AND PROVIDE A WRITTEN REPORT TO NASAA REGARDING SUPERVISORY SYSTEMS FOR THE REVIEW OF ALTERNATIVE INVESTMENT TRANSACTIONS; THE SURVEILLANCE PROGRAMS; AND SYSTEMS FOR MAINTAINING EXECUTION DATA RELATED TO SAME. A COPY OF THAT REPORT IS TO BE SENT TO MISSOURI.

### Regulator Statement

THIS CONSENT ORDER IS NOT INTENDED TO SUBJECT LPL TO DISQUALIFICATION UNDER FEDERAL SECURITIES LAWS, RULES OR REGULATIONS THEREUNDER, OR THE RULES AND REGULATIONS OF THE VARIOUS STATES AND U.S. TERRITORIES, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE REGISTRATION EXEMPTION OR THE SAFE HARBOR PROVISIONS. IN ADDITION, THIS CONSENT ORDER IS NOT INTENDED TO BE THE BASIS FOR ANY SUCH DISQUALIFICATIONS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE MISSOURI SECURITIES DIVISION (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS MISSOURI REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.

**Initiated By:** MISSOURI SECURITIES DIVISION

**Date Initiated:** 12/03/2015

**Docket/Case Number:** AP-15-42

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/03/2015





<b>Sanctions Ordered:</b>	Monetary/Fine \$38,522.75 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; OFFERS OF REMEDIATION
<b>Sanction Details:</b>	LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN MISSOURI RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$38,522.75 WHICH WAS REMITTED ON OR ABOUT DECEMBER 1, 2015.
<b>Firm Statement</b>	THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO MISSOURI RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO MISSOURI RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$38,522.75, MISSOURI'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 64 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final



**Allegations:** THE DIVISION ALLEGED RESPONDENT FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE UTAH UNIFORM SECURITIES ACT.

**Initiated By:** UTAH

**Date Initiated:** 12/03/2015

**Docket/Case Number:** SD-15-0064

**URL for Regulatory Action:** HTTP://SECURITIES.UTAH.GOV/DOCKETS/15006401.PDF

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

**Other Sanction(s)/Relief Sought:** CEASE AND DESIST.

**Resolution:** Stipulation and Consent

**Resolution Date:** 12/03/2015

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

**Sanctions Ordered:** Monetary/Fine \$18,293.16  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** OTHER REMEDIAL ACTION AS DETAILED IN THE STIPULATION AND CONSENT ORDER.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE UTAH DIVISION OF SECURITIES (THE "DIVISION") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS UTAH REPRESENTATIVES REGARDING



THE SALE OF NON-TRADED REITS.

**Initiated By:** UTAH DIVISION OF SECURITIES

**Date Initiated:** 12/03/2015

**Docket/Case Number:** SD-15-0064

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Stipulation and Consent

**Resolution Date:** 12/03/2015

**Sanctions Ordered:** Monetary/Fine \$18,293.16  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE STIPULATION AND CONSENT ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DIVISION. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN UTAH RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DIVISION A SUM IN THE AMOUNT OF \$18,293.16 WHICH IS DUE ON OR BEFORE DECEMBER 14, 2015.

**Firm Statement** THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DIVISION ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO UTAH RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO UTAH RESIDENTS IN VIOLATION OF GUIDELINES DURING THE

RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DIVISION A CIVIL PENALTY IN THE AMOUNT OF \$18,293.16, UTAH'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DIVISION AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 65 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL FINANCIAL LLC FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM THAT WAS RESONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE PA SECURITIES ACT OF 1972 AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF ITS AGENTS AND EMPLOYEES.
<b>Initiated By:</b>	PENNSYLVANIA CONTACT: COUNSEL CAROLYN MENDELSON (412)-565-7519
<b>Date Initiated:</b>	11/30/2015
<b>Docket/Case Number:</b>	2013-10-01 (#150046)
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	SEE ITEM NO. 13.B.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	11/30/2015



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$26,110.92
<b>Other Sanctions Ordered:</b>	REMEDATION, FORMATION OF A "CLAIM TEAM" WITH A DEDICATED PHONE NUMBER, DISTRIBUTION OF A 90-DAY OFFER LETTER TO ELIGIBLE PA INVESTORS, SUBMISSION OF A REPORT TO THE PA DEPARTMENT OF BANKING AND SECURITIES DETAILING THE AMOUNT OF FUNDS REIMBURSED PURSUANT TO THE ORDER, AND RETAIN AN INDEPENDENT THIRD PARTY TO ANALYZE SALE TRANSACTION DATA FROM JANUARY 1, 2008 THROUGH DECEMBER 31, 2013, AND PROVIDE THROUGH AN INTERNAL AUDIT DEPARTMENT TO NASAA ON OR BEFORE OCTOBER 15, 2015 A WRITTEN REPORT CONCERNING THE SUPERVISORY AND SURVEILLANCE PROGRAMS RELATING TO ALTERNATIVE INVESTMENT TRANSACTIONS.
<b>Sanction Details:</b>	LPL FINANCIAL LLC PAID AN ADMINISTRATIVE ASSESSMENT IN THE AMOUNT OF \$26,110.92.
<b>Regulator Statement</b>	CONSENT AGREEMENT AND ORDER ISSUED TO LPL FINANCIAL LLC.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH COORDINATED INVESTIGATIONS BY A MULTI-STATE TASK FORCE WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION INC. ("NASAA"), THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES (THE "DEPARTMENT") ALLEGED THAT LPL FINANCIAL LLC ("LPL") FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS PROCEDURES TO SUPERVISE ITS PENNSYLVANIA REPRESENTATIVES REGARDING THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES
<b>Date Initiated:</b>	11/30/2015
<b>Docket/Case Number:</b>	150046
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief</b>	Cease and Desist

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 11/30/2015**Sanctions Ordered:** Monetary/Fine \$26,110.92  
Disgorgement/Restitution  
Cease and Desist/Injunction**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION**Sanction Details:** LPL NEITHER ADMITTED NOR DENIED THE FINDINGS OF FACT AND CONCLUSIONS OF LAW CONTAINED IN THE CONSENT AGREEMENT AND ORDER (THE "ORDER"), AND CONSENTED TO THE ENTRY OF THE ORDER BY THE DEPARTMENT. LPL ALSO AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO CERTAIN PENNSYLVANIA RESIDENTS IN VIOLATION OF CONCENTRATION LIMITS OR GUIDELINES, (2) CERTAIN UNDERTAKINGS, AND (3) PAY THE DEPARTMENT A SUM IN THE AMOUNT OF \$26,110.92 WHICH WAS REMITTED ON OR ABOUT NOVEMBER 17, 2015.**Firm Statement**

THIS ACTION IS PART OF A GLOBAL SETTLEMENT REGARDING THE SALES OF NON-TRADED REITS BY LPL REPRESENTATIVES DURING THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2013 (THE "RELEVANT PERIOD") REACHED BY LPL WITH A MULTISTATE TASK FORCE COMPOSED OF MEMBERS OF NASAA. AS PART OF THE GLOBAL SETTLEMENT, INDIVIDUAL JURISDICTIONS MAY ENTER CONSENT ORDERS, IN WHICH LPL NEITHER ADMITS NOR DENIES THE ALLEGATIONS. IN THIS INSTANCE, THE DEPARTMENT ALLEGED THAT DURING THE RELEVANT PERIOD LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM REGARDING ITS SALES OF NON-TRADED REITS AND FAILED TO ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO PENNSYLVANIA RESIDENTS. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LPL AGREED TO (1) OFFER TO REMEDIATE LOSSES FOR NON-TRADED REITS SOLD TO PENNSYLVANIA RESIDENTS IN VIOLATION OF GUIDELINES DURING THE RELEVANT PERIOD, (2) RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SALES OF NON-TRADED REITS DURING THE RELEVANT PERIOD, AND (3) TO PAY THE DEPARTMENT A CIVIL PENALTY IN THE AMOUNT OF \$26,110.92, PENNSYLVANIA'S ALLOCATED PORTION OF THE AMOUNT AGREED TO WITH NASAA. FINALLY, THE DEPARTMENT AND LPL AGREED THAT THE ORDER WOULD NOT SUBJECT LPL TO ANY DISQUALIFICATIONS UNDER THE LAWS OF THE UNITED STATES, ANY STATE, THE DISTRICT OF COLUMBIA, PUERTO RICO, OR THE U.S. VIRGIN ISLANDS, INCLUDING WITHOUT LIMITATION, ANY



DISQUALIFICATION FROM RELYING UPON THE STATE OR FEDERAL REGISTRATION EXEMPTIONS OR SAFE HARBOR PROVISIONS, WHICH WAS ALSO PART OF THE AGREEMENT WITH NASAA.

#### Disclosure 66 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL CONSENTED TO THE ALLEGATIONS THAT IT VIOLATED OHIO STATUTE 3905.22 BY FAILING TO TIMELY REPORT A REGULATORY ACTION TAKEN BY THE STATE OF NEW HAMPSHIRE DATED APRIL 6, 2015.
<b>Initiated By:</b>	STATE OF OHIO DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	11/04/2015
<b>Docket/Case Number:</b>	NONE
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	11/04/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PAY A CIVIL PENALTY IN THE AMOUNT OF \$1,800.00 AND ADMINISTRATIVE COSTS OF \$200.00.

#### Disclosure 67 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW, LPL ENTERED INTO AN ASSURANCE OF DISCONTINUANCE WITH THE COMMONWEALTH OF MASSACHUSETTS, AFTER AN INVESTIGATION INTO LPL'S USE OF LEVERAGED AND INVERSE LEVERAGED EXCHANGE-TRADED FUNDS (ETFs). LPL OFFERED



LEVERAGED ETFS TO CERTAIN RETAIL CLIENTS IN MASSACHUSETTS WITHOUT MONITORING OR SYSTEMATICALLY REVIEWING THE LENGTH OF TIME ITS CLIENTS HELD LEVERAGED ETFS. LPL PROVIDED INSUFFICIENT TRAINING MATERIALS THAT, IN PARTS, SUGGESTED THAT LEVERAGED ETFS WERE APPROPRIATE FOR CONSERVATIVE ACCOUNTS, AND IN SOME INSTANCES RECOMMENDED BUYING AND HOLDING, WITHOUT REMINDING FINANCIAL ADVISORS OF THE SPECIFIC RISKS ASSOCIATED WITH HOLDING LEVERAGED ETFS. LPL FAILED TO IDENTIFY AND EXAMINE POTENTIAL ISSUES CONCERNING THE SUITABILITY OF LEVERAGED ETF EXPOSURE FOR THOSE OF LPL'S FINANCIAL ADVISORS WHO CAUSED CLIENTS TO HOLD LEVERAGED ETFS FOR EXTENDED PERIODS OF TIME. MOREOVER, LPL DID NOT CONSISTENTLY ADHERE TO ITS POLICY OF IMPOSING FINES ON LPL FINANCIAL ADVISORS WHO EXCEEDED THIS CONCENTRATION LIMIT, SOMETIMES ISSUING MULTIPLE WARNINGS UNACCOMPANIED BY ANY SANCTIONS.

**Initiated By:** COMMONWEALTH OF MASSACHUSETTS

**Date Initiated:** 09/15/2015

**Docket/Case Number:** 15-2854E

**Principal Product Type:** Other

**Other Product Type(s):** LEVERAGED AND INVERSE LEVERAGED EXCHANGE-TRADED FUNDS

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

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

**Resolution:** Consent

**Resolution Date:** 09/15/2015

**Sanctions Ordered:** Monetary/Fine \$1,800,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** AS SET FORTH IN THE ORDER, LPL'S UNDERTAKINGS INCLUDE, ENHANCEMENTS TO ITS OVERSIGHT OF INVESTMENTS IN LEVERAGED ETFS; ENHANCEMENTS TO LPL'S TRAINING PROGRAM IN ACCORDANCE WITH THE GUIDELINES; AND REDUCTION IN THE NUMBER OF ELIGIBLE LEVERAGED ETFS. LPL SHALL ALSO CREATE AND MAINTAIN ALL RECORDS NECESSARY TO DEMONSTRATE LPL'S COMPLIANCE WITH ITS OBLIGATIONS AND PROVIDE SUCH RECORDS UPON REQUEST.

**Sanction Details:** PAY A PENALTY OF \$200,000.00 AND MAKE A PAYMENT OF \$1,600,000.00 TO AN ESCROW ACCOUNT TO BE HELD IN TRUST FOR THE PURPOSE OF PROVIDING RESTITUTION TO CERTAIN MASSACHUSETTS LPL CUSTOMERS.





## Disclosure 68 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW, LPL ENTERED INTO A CONSENT ORDER WITH THE OFFICE OF THE SECRETARY OF STATE SECURITIES DIVISION AFTER A MULTIPLE-JURISDICTION INVESTIGATION INTO LPL'S SALES TRANSACTIONS OF NON-TRADED REITS, A FORM OF ALTERNATIVE INVESTMENTS. DURING THE TIME PERIOD BEGINNING JANUARY 1, 2008 THROUGH DECEMBER 31, 2013, LPL OFFERED MULTIPLE NON-TRADED REITS THROUGH ITS BRANCH OFFICES IN NEVADA THAT WERE SOLD IN EXCESS OF THE REIT'S PROSPECTUS STANDARDS, VARIOUS STATE CONCENTRATIONS LIMITS, OR ITS OWN ALTERNATIVE INVESTMENT GUIDELINES. LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NAC 90.321. LPL ALSO FAILED TO ENFORCE ITS WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES IN VIOLATION OF NAC 90.321.
<b>Initiated By:</b>	STATE OF NEVADA SECURITIES DIVISION
<b>Date Initiated:</b>	10/01/2015
<b>Docket/Case Number:</b>	I14-083
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/01/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$56,202.19 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REMEDiate LOSSES FOR ALL NON-TRADED REITS SOLD TO LPL CLIENTS DURING THE RELEVANT TIME PERIOD; INCLUDING: DESIGNATE A TEAM TO ASSIST NEVADA INVESTORS; SEND AN OFFER OF REMEDIATION AND



NOTICE OF AND THE OPPORTUNITY TO ACCEPT LPL'S OFFER OF REMEDIATION, TO ALL ELIGIBLE NEVADA INVESTORS; PROVIDE TO NEVADA THE MOST RECENT CONTACT INFORMATION FOR EACH NEVADA INVESTOR; AND PREPARE AND SUBMIT TO THE NEVADA AND NASAA REPRESENTATIVE, A REPORT DETAILING THE AMOUNTS OF FUNDS REIMBURSED. LPL SHALL RETAIN AN INDEPENDENT THIRD PARTY FOR ANALYZING THE SALES TRANSACTIONS DATA REPRESENTING THE EXECUTED SALES OF NON-TRADED REITS DURING THE RELEVANT TIME PERIOD. LPL SHALL CAUSE ITS INTERNAL AUDIT DEPARTMENT TO CONFIRM THAT THE DATA PROVIDED TO THE THIRD PARTY IS THE MOST COMPLETE DATA SET AVAILABLE OF EXECUTED NON-TRADED REIT SALES TRANSACTIONS, AND SEND TO THE NASAA REPRESENTATIVE A REPORT OF ITS REVIEW AND CONFIRMATION THAT LPL HAS MADE OFFERS CONSISTENT WITH THE ORDER. LPL SHALL PROVIDE A WRITTEN REPORT TO THE NASAA REPRESENTATIVE REGARDING: THE SUPERVISORY SYSTEM FOR THE REVIEW OF AI TRANSACTIONS; THE SURVEILLANCE PROGRAMS RELATED TO AI TRANSACTIONS; AND THE SYSTEMS FOR MAINTAINING EXECUTION DATA.

**Sanction Details:**

PAY A CIVIL PENALTY TO THE STATE OF NEVADA IN THE AMOUNT OF \$21,202.19; \$19,676 FOR COSTS OF THE INVESTIGATION; AND \$35,000 FOR COSTS OF THE INVESTIGATION TO NASAA.

**Disclosure 69 of 124****Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE CONCLUSIONS OF LAW, LPL ENTERED INTO A CONSENT ORDER WITH THE DELAWARE INVESTOR PROTECTION UNIT AFTER THEIR INVESTIGATION INTO LPL'S USE OF LEVERAGED AND INVERSE LEVERAGED EXCHANGE-TRADED FUNDS (ETFs). LPL OFFERED LEVERAGED ETFs TO CERTAIN RETAIL CLIENTS IN DELAWARE THAT WERE UNSUITABLE, AND/OR WITHOUT ADEQUATE DISCLOSURE OF THE SPECIALIZED RISKS OF LEVERAGED ETFs, WHICH CONSTITUTES A DISHONEST OR UNETHICAL PRACTICE. LPL FAILED TO ENSURE THAT ITS FINANCIAL ADVISORS UNDERSTOOD AND EXPLAINED THE UNIQUE RISKS, FAILED TO ENFORCE ITS WARNING AND FINE SYSTEM WITH REGARD TO ITS LEVERAGED ETFs CONCENTRATION LIMITS, AND FAILED TO ADEQUATELY MONITOR AND ENSURE THE MONITORING OF CLIENT HOLDING PERIODS, ALL OF WHICH CONSTITUTE A FAILURE TO SUPERVISE.

**Initiated By:**

STATE OF DELAWARE INVESTOR PROTECTION UNIT

**Date Initiated:**

09/22/2015



**Docket/Case Number:** 13-5-1

**Principal Product Type:** Other

**Other Product Type(s):** LEVERAGED EXCHANGE TRADED FUNDS

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

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

**Resolution:** Consent

**Resolution Date:** 09/22/2015

**Sanctions Ordered:** Monetary/Fine \$200,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** LPL WILL MAKE ENHANCEMENTS TO ITS OVERSIGHT OF INVESTMENTS IN LEVERAGED ETFS INCLUDING: REVIEWING AND ENHANCING TRAINING MATERIALS FOR FINANCIAL ADVISORS WHOSE CLIENTS PURCHASE LEVERAGED ETFS; ENFORCING RESTRICTIONS ON PERCENTAGES OF LEVERAGED ETFS HELD IN CLIENT ACCOUNTS; REDUCING THE NUMBER OF LEVERAGED ETFS THAT FINANCIAL ADVISORS AND THEIR CLIENTS MAY USE; AND NOTIFYING FINANCIAL ADVISORS WHOSE CLIENTS HOLD SUCH SECURITIES ONCE THEY HAVE BEEN HELD FOR 30 DAYS.

**Sanction Details:** PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$50,000.00 AND MAKE A PAYMENT IN THE AMOUNT OF \$150,000.00 TO AN ESCROW ACCOUNT TO PROVIDE RESTITUTION TO CERTAIN DELAWARE LPL CUSTOMERS.

#### Disclosure 70 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** N/A

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION

**Date Initiated:** 08/03/2015

**Docket/Case Number:** 51792-S

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/03/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	8/3/2015 - \$10,000 ADMINISTRATIVE FINE PAID IN FULL.
<b>Regulator Statement</b>	ON AUGUST 3, 2015 THE OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF LPL FINANCIAL LLC. LPL FINANCIAL LLC NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT LPL FINANCIAL LLC ENGAGED IN INVESTMENT ADVISORY BUSINESS THROUGH AN UNREGISTERED ASSOCIATED PERSON. LPL FINANCIAL, LLC AGREED TO PAY AN ADMINISTRATIVE FINE OF \$10,000.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL CONSENTED TO THE SANCTIONS AND THE ENTRY OF THE FINDINGS THAT FROM SEPTEMBER 2009 TO SEPTEMBER 2013, LPL ALLOWED ONE OF ITS REGISTERED REPRESENTATIVES TO ENGAGE IN INVESTMENT ADVISORY BUSINESS FROM AN OFFICE IN THE STATE OF FLORIDA WITHOUT BEING LAWFULLY REGISTERED IN FLORIDA.
<b>Initiated By:</b>	STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	07/31/2015
<b>Docket/Case Number:</b>	51792-S
<b>Principal Product Type:</b>	No Product



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	08/03/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	LPL PAID AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$10,000.00 ON JULY 27, 2015.

#### Disclosure 71 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL CONSENTED TO THE FINDINGS THAT IT DID NOT ESTABLISH, MAINTAIN, OR ENFORCE ADEQUATE PROCEDURES TO REVIEW SENIOR-SPECIFIC TITLES FOR COMPLIANCE WITH THE COMMONWEALTH'S SENIOR DESIGNATIONS REGULATIONS ADOPTED JUNE 1, 2007. AS A RESULT, LPL ALLOWED ITS BROKER-DEALER AGENTS AND INVESTMENT ADVISER REPRESENTATIVES TO USE PROHIBITED SENIOR-SPECIFIC DESIGNATIONS.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	07/10/2015
<b>Docket/Case Number:</b>	2015-0033
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/14/2015



<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$250,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS; CEASE AND DESIST
<b>Sanction Details:</b>	<p>RESPONDENT SHALL, WITHIN 5 DAYS OF THE SIGNED ORDER, RESPONDENT LPL AGREES TO PAY A FINE IN THE AMOUNT OF \$250,000 TO THE COMMONWEALTH OF MASSACHUSETTS.</p> <p>RESPONDENT SHALL, WITHIN 15 DAYS OF THE SIGNED ORDER, REVIEW ITS WRITTEN SUPERVISORY POLICIES AND PROCEDURES WITH RESPECT TO 1) 950 MASS CODE REGS 12.204(2)(I) AND 2) 950 MASS CODE REGS 12.205(9)(C)(15). ALL WRITTEN POLICIES AND PROCEDURES MUST INCLUDE METHODS FOR ENFORCEMENT AND COMPLIANCE OVERSIGHT.</p> <p>RESPONDENT SHALL, WITHIN 45 DAYS OF THE SIGNED ORDER, PROVIDE A REPORT OF ITS CONCLUSIONS AND RECOMMENDATIONS WITH RESPECT TO ITEMS 1 AND 2 ABOVE.</p> <p>RESPONDENT SHALL, WITHIN 60 DAYS OF THE SIGNED ORDER, PROVIDE CERTIFICATION TO THE MASSACHUSETTS SECURITIES DIVISION THAT CHANGES AND/OR ENHANCEMENTS TO ITS POLICIES AND PROCEDURES HAVE BEEN IMPLEMENTED.</p>

#### Disclosure 72 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT DISADVANTAGED CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS WHO WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE. THE FINDINGS STATED THAT THESE CUSTOMERS WERE INSTEAD SOLD CLASS A SHARES WITH A FRONT-END SALES CHARGE OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES. THESE SALES DISADVANTAGED CUSTOMERS BY CAUSING THEM TO PAY HIGHER FEES THAN THEY WERE ACTUALLY REQUIRED TO PAY. THE FINDINGS ALSO STATED THAT THE FIRM HAS FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS WHO PURCHASED MUTUAL FUND SHARES RECEIVED THE BENEFIT OF APPLICABLE SALES CHARGE WAIVERS. THE FIRM ALSO FAILED TO ADOPT ANY CONTROLS TO DETECT INSTANCES IN WHICH THE FIRM DID NOT</p>



PROVIDE SALES CHARGE WAIVERS TO CUSTOMERS IN CONNECTION WITH THEIR MUTUAL FUND PURCHASES.

**Initiated By:** FINRA

**Date Initiated:** 07/06/2015

**Docket/Case Number:** [2015045270901](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/06/2015

**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  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, ORDERED TO PAY RESTITUTION IN THE AMOUNT OF \$5.72 MILLION TO CUSTOMERS WHO PAID AN INITIAL SALES CHARGE ON THEIR MUTUAL FUND PURCHASES OR PURCHASED CLASS B OR C SHARES WHEN A CLASS A SALES CHARGE WAIVER WAS AVAILABLE, PLUS INTEREST, ORDERED TO PAY RESTITUTION TO ITS CUSTOMERS WHO PURCHASE OR PURCHASED MUTUAL FUNDS WITHOUT AN APPROPRIATE SALES CHARGE WAIVER DURING THE PERIOD JANUARY 1, 2015 THROUGH THE DATE THAT THE FIRM ESTABLISHES AND FULLY IMPLEMENTS TRAINING, SYSTEMS, AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SUPERVISION OF MUTUAL FUND SALES WAIVERS, UNDERTAKES TO SUBMIT TO FINRA A WRITTEN REPORT DESCRIBING HOW THE FIRM HAS CORRECTED ITS SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING TO ADDRESS THE VIOLATIONS DESCRIBED IN THIS AWC, AND WITH RESPECT TO ANY CUSTOMER THAT PURCHASED CLASS B OR C SHARES AND STILL HOLDS SUCH SHARES IN AN ACCOUNT AT THE FIRM, IT SHALL OFFER SUCH

CUSTOMER THE OPTION OF CONVERTING SUCH CLASS B OR C SHARES TO CLASS A SHARES. IF AN ELIGIBLE FUND DOES NOT PERMIT CONVERSION OF CLASS B OR C SHARES TO CLASS A SHARES, THE CUSTOMER SHALL BE PROVIDED THE OPTION OF REPLACING CLASS B OR C SHARES WITH AN EQUIVALENT VALUE OF CLASS A SHARES OFFERED BY ANOTHER ELIGIBLE FUND. THE FIRM SHALL CAUSE SUCH CONVERSATION TO OCCUR AT NO EXPENSE TO THE CUSTOMER.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT DISADVANTAGED CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS WHO WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE. THE FINDINGS STATED THAT THESE CUSTOMERS WERE INSTEAD SOLD CLASS A SHARES WITH A FRONT-END SALES CHARGE OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES. THESE SALES DISADVANTAGED CUSTOMERS BY CAUSING THEM TO PAY HIGHER FEES THAN THEY WERE ACTUALLY REQUIRED TO PAY. THE FINDINGS ALSO STATED THAT THE FIRM HAS FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ENSURE THAT CUSTOMERS WHO PURCHASED MUTUAL FUND SHARES RECEIVED THE BENEFIT OF APPLICABLE SALES CHARGE WAIVERS. THE FIRM ALSO FAILED TO ADOPT ANY CONTROLS TO DETECT INSTANCES IN WHICH THE FIRM DID NOT PROVIDE SALES CHARGE WAIVERS TO CUSTOMERS IN CONNECTION WITH THEIR MUTUAL FUND PURCHASES.

**Initiated By:** FINRA

**Date Initiated:** 07/06/2015

**Docket/Case Number:** [2015045270901](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

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

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





**Resolution Date:** 07/06/2015

**Sanctions Ordered:** Censure  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, ORDERED TO PAY RESTITUTION IN THE AMOUNT OF \$5.72 MILLION TO CUSTOMERS WHO PAID AN INITIAL SALES CHARGE ON THEIR MUTUAL FUND PURCHASES OR PURCHASED CLASS B OR C SHARES WHEN A CLASS A SALES CHARGE WAIVER WAS AVAILABLE, PLUS INTEREST, ORDERED TO PAY RESTITUTION TO ITS CUSTOMERS WHO PURCHASE OR PURCHASED MUTUAL FUNDS WITHOUT AN APPROPRIATE SALES CHARGE WAIVER DURING THE PERIOD JANUARY 1, 2015 THROUGH THE DATE THAT THE FIRM ESTABLISHES AND FULLY IMPLEMENTS TRAINING, SYSTEMS, AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SUPERVISION OF MUTUAL FUND SALES WAIVERS, UNDERTAKES TO SUBMIT TO FINRA A WRITTEN REPORT DESCRIBING HOW THE FIRM HAS CORRECTED ITS SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING TO ADDRESS THE VIOLATIONS DESCRIBED IN THIS AWC, AND WITH RESPECT TO ANY CUSTOMER THAT PURCHASED CLASS B OR C SHARES AND STILL HOLDS SUCH SHARES IN AN ACCOUNT AT THE FIRM, IT SHALL OFFER SUCH CUSTOMER THE OPTION OF CONVERTING SUCH CLASS B OR C SHARES TO CLASS A SHARES. IF AN ELIGIBLE FUND DOES NOT PERMIT CONVERSION OF CLASS B OR C SHARES TO CLASS A SHARES, THE CUSTOMER SHALL BE PROVIDED THE OPTION OF REPLACING CLASS B OR C SHARES WITH AN EQUIVALENT VALUE OF CLASS A SHARES OFFERED BY ANOTHER ELIGIBLE FUND. THE FIRM SHALL CAUSE SUCH CONVERSATION TO OCCUR AT NO EXPENSE TO THE CUSTOMER.

#### Disclosure 73 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** LPL FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO REASONABLY SUPERVISE THE ACTIVITIES OF ITS NH AGENTS WITH RESPECT TO THE SALE OF NON-TRADED REITS TO NH RESIDENTS; LPL FAILED TO ENFORCE ITS WSPS WITH RESPECT TO THE SALE OF NON-TRADED REITS TO NH RESIDENTS; LPL FAILED TO REASONABLY SUPERVISE ITS NH AGENTS WITH RESPECT TO THE SALE OF NON-TRADED REITS TO NH RESIDENTS.

**Initiated By:** NEW HAMPSHIRE  
BUREAU OF SECURITIES REGULATION

**Date Initiated:** 04/06/2015



**Docket/Case Number:** C-2013000005

**URL for Regulatory Action:** HTTP://SOS.NH.GOV/ENFORCEACT.ASPX

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS)

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

**Other Sanction(s)/Relief Sought:** MONETARY/FINES/PENALTIES; RESCISSION/RESTITUTION TO NH RESIDENTS SOLD NON-TRADED REITS IN EXCESS OF LPL'S GUIDELINES OR PRODUCT PROSPECTUS REQUIREMENTS

**Resolution:** Consent

**Resolution Date:** 12/15/2015

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

**Sanctions Ordered:** Monetary/Fine \$750,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** LPL REQUIRED TO MAKE OFFERS OF REMEDIATION TO NH RESIDENTS SOLD NON-TRADED REITS IN EXCESS OF LPL'S GUIDELINES OR PRODUCT PROSPECTUS REQUIREMENTS; LPL UNDERTAKE COMPLIANCE AND SUPERVISORY ENHANCEMENTS REGARDING THE SALE OF ALTERNATIVE INVESTMENTS; LPL REPORT TO THE NH BUREAU OF SECURITIES REGULATION WITHIN 6 MONTHS AND 12 MONTHS OF ORDER ON COMPLIANCE WITH UNDERTAKINGS.

**Sanction Details:** PERMANENT CEASE AND DESIST FROM FURTHER VIOLATION OF N.H. RSA 421-B; MONETARY COMPONENT OF ORDER BROKEN DOWN INTO: 1) \$250,000 ADMINISTRATIVE FINE; 2) \$250,000 REIMBURSEMENT TO NH BUREAU OF SECURITIES REGULATION FOR COSTS OF INVESTIGATION AND ENFORCEMENT; AND 3) \$250,000 DONATION TO THE INVESTOR EDUCATION FUND.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION COMMENCED AN ADJUDICATIVE PROCEEDING BASED ON ALLEGATIONS



OF INADEQUATE SUPERVISION OF NON-TRADED REIT SALES.

**Initiated By:** STATE OF NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION

**Date Initiated:** 04/06/2015

**Docket/Case Number:** C-2013-000005

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS

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

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

**Resolution:** Consent

**Resolution Date:** 12/15/2015

**Sanctions Ordered:** Monetary/Fine \$750,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; OFFERS OF REMEDIATION

**Sanction Details:** PAY AN ADMINISTRATIVE FINE OF \$250,000.00, THE BUREAU'S COSTS OF \$250,000.00, AND A CONTRIBUTION TO THE INVESTOR EDUCATION FUND OF \$250,000.00.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE FACTS OR ALLEGATIONS, LPL CONSENTED TO THE FINDINGS THAT LPL FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM AND ENFORCE ITS WRITTEN PROCEDURES REGARDING THE SALE OF NON-TRADED REITS TO NEW HAMPSHIRE RESIDENTS.

#### Disclosure 74 of 124

**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 ENFORCE ITS SUPERVISORY PROCEDURES FOR THE SALES OF COMPLEX NON-TRADITIONAL EXCHANGE TRADED FUNDS (ETFs), CERTAIN VARIABLE ANNUITY CONTRACTS, NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND OTHER COMPLEX PRODUCTS, AS WELL AS ITS FAILURE TO MONITOR AND REPORT TRADES AND DELIVER TO CUSTOMERS MORE THAN 14 MILLION TRADE CONFIRMATIONS. THE FINDINGS STATED THAT



WITH REGARD TO NON-TRADITIONAL ETFS, THE FIRM DID NOT HAVE A SYSTEM TO MONITOR THE LENGTH OF TIME THAT CUSTOMERS HELD THESE SECURITIES IN THEIR ACCOUNTS, DID NOT ENFORCE ITS LIMITS ON THE CONCENTRATION OF THOSE PRODUCTS IN CUSTOMER ACCOUNTS, AND FAILED TO ENSURE THAT ALL OF ITS REGISTERED REPRESENTATIVES WERE ADEQUATELY TRAINED ON THE RISKS OF THE PRODUCTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SUPERVISE ITS SALES OF VARIABLE ANNUITIES, IN SOME INSTANCES PERMITTING SALES WITHOUT DISCLOSING SURRENDER FEES, AND IN CONNECTION WITH CERTAIN MUTUAL FUND "SWITCH" TRANSACTIONS, IT USED AN AUTOMATED SURVEILLANCE SYSTEM THAT EXCLUDED THESE TRADES FROM SUPERVISORY REVIEW. THE FIRM ALSO FAILED TO SUPERVISE NON-TRADED REITS BY, AMONG OTHER THINGS, FAILING TO IDENTIFY ACCOUNTS ELIGIBLE FOR VOLUME SALES CHARGE DISCOUNTS. FINRA FOUND THAT THE FIRM FAILED TO IMPLEMENT ADEQUATE SYSTEMS FOR THE REVIEW AND ACCURATE REPORTING OF TRADES AND FOR THE ACCURATE DELIVERY OF TRADE CONFIRMATIONS. THE FIRM FAILED TO REVIEW LOW PRICED EQUITY TRADES, CONCENTRATED POSITIONS, ACTIVELY TRADED ACCOUNTS, AND POTENTIAL FRONT RUNNING BY EMPLOYEES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ACCURATELY REPORT TO THE OPTIONS CLEARING CORPORATION (OCC) OPTIONS DATA USING THE LARGE OPTIONS POSITIONS REPORT (LOPR) AND FAILED TO REPORT ITS CORRECT CAPACITY TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) AND TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE). THE FINDINGS ALSO INCLUDED THAT THE FIRM FURTHER FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS REPORTING REQUIREMENTS FOR OPTIONS, MUNICIPAL SECURITIES, AND TRACE ELIGIBLE SECURITIES. FINRA FOUND THAT THE FIRM FAILED TO DELIVER CONTEMPORANEOUS TRADE CONFIRMATIONS AND FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, REASONABLY DESIGNED TO ENSURE DELIVERY OF CONTEMPORANEOUS TRADE CONFIRMATIONS. FINRA ALSO FOUND THAT THE FIRM'S ANTI-MONEY LAUNDERING (AML) SURVEILLANCE SYSTEM FAILED TO GENERATE ALERTS FOR EXCESSIVE ATM WITHDRAWALS AND ATM WITHDRAWALS IN FOREIGN JURISDICTIONS. IN ADDITION, FINRA DETERMINED THAT THE FIRM FAILED TO ENSURE IT PROVIDED COMPLETE AND ACCURATE INFORMATION TO FINRA AND TO FEDERAL AND STATE REGULATORS CONCERNING CERTAIN VARIABLE ANNUITY TRANSACTIONS. MOREOVER, FINRA FOUND THAT THE FIRM FAILED TO REASONABLY SUPERVISE ITS ADVERTISING AND OTHER COMMUNICATIONS, INCLUDING ITS REGISTERED REPRESENTATIVES' USE OF CONSOLIDATED REPORTS, THE CREATION OR USE OF CONSOLIDATED REPORTS, AND FAILED TO ENSURE THAT THESE REPORTS REFLECTED COMPLETE AND ACCURATE INFORMATION. FURTHERMORE, FINRA FOUND



THAT THE FIRM FAILED TO COMPLY WITH CERTAIN REGISTRATION REQUIREMENTS SUCH AS VERIFYING PRIOR EMPLOYMENT OF CERTAIN OF ITS REGISTERED REPRESENTATIVES AND FAILING TO TIMELY FILE FORM U4 AMENDMENTS AND FORMS U5. THE FINDINGS ALSO STATED THAT THE FIRM HAD A FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY RESULTING FROM A LONG SALE TRADE AND DID NOT CLOSE-OUT THE POSITION BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 204 OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 05/06/2015

**Docket/Case Number:** [2013035109701](#)

**Principal Product Type:** Other

**Other Product Type(s):** N/A

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

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

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

**Resolution Date:** 05/06/2015

**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 \$10,000,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$10,000,000. FURTHERMORE THE FIRM UNDERTAKES TO: (1) SUBMIT TO FINRA A WRITTEN PLAN OF HOW IT WILL UNDERTAKE TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO THE CONDUCT ADDRESSED IN



THIS AWC, INCLUDING THE LENGTH OF TIME THE REVIEW OF EACH PARTICULAR ISSUE IS ANTICIPATED TO TAKE, AND WILL DESCRIBE ITS ADDITIONAL COMMITMENT OF RESOURCES AND PERSONNEL TO ITS LEGAL AND COMPLIANCE FUNCTIONS, INCLUDING CONTROL AND RISK FUNCTIONS; (2) CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATED TO THE SALE OF NON-TRADITIONAL ETFs; (3) ORDERED TO PAY RESTITUTION TO CUSTOMERS AFFECTED BY THE FIRM'S FAILURE TO REASONABLY SUPERVISE ITS RECOMMENDED SALES OF NON-TRADITIONAL ETFs AS DESCRIBED IN THIS AWC AND SUBJECT TO PARAMETERS AGREED UPON BY FINRA STAFF, IN THE AMOUNT OF \$1,664,592.05 AND ADDITIONALLY, IS ORDERED TO PAY RESTITUTION TO ITS CUSTOMERS WHO PURCHASE OR PURCHASED NON-TRADITIONAL ETFs DURING THE PERIOD FROM APRIL 10, 2015 THROUGH THE DATE THAT THE FIRM ESTABLISHES SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SUPERVISION OF NON-TRADITIONAL ETFs; AND (4) CONDUCT A REVIEW, COVERING THE TIME PERIOD OF THE SURVEILLANCE SYSTEM AML SCENARIOS IDENTIFIED IN THIS AWC, SPECIFICALLY, THE TWO ALERT-BASED SCENARIOS FOCUSED ON THE EXCESSIVE USE OF ATM WITHDRAWALS AND ATM WITHDRAWALS IN FOREIGN JURISDICTIONS. FINE PAID IN FULL ON 5/27/2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ENFORCE ITS SUPERVISORY PROCEDURES FOR THE SALES OF COMPLEX NON-TRADITIONAL EXCHANGE TRADED FUNDS (ETFs), CERTAIN VARIABLE ANNUITY CONTRACTS, NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND OTHER COMPLEX PRODUCTS, AS WELL AS ITS FAILURE TO MONITOR AND REPORT TRADES AND DELIVER TO CUSTOMERS MORE THAN 14 MILLION TRADE CONFIRMATIONS. THE FINDINGS STATED THAT WITH REGARD TO NON-TRADITIONAL ETFs, THE FIRM DID NOT HAVE A SYSTEM TO MONITOR THE LENGTH OF TIME THAT CUSTOMERS HELD THESE SECURITIES IN THEIR ACCOUNTS, DID NOT ENFORCE ITS LIMITS ON THE CONCENTRATION OF THOSE PRODUCTS IN CUSTOMER ACCOUNTS, AND FAILED TO ENSURE THAT ALL OF ITS REGISTERED REPRESENTATIVES WERE ADEQUATELY TRAINED ON THE RISKS OF THE PRODUCTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SUPERVISE ITS SALES OF VARIABLE ANNUITIES, IN SOME INSTANCES PERMITTING SALES WITHOUT DISCLOSING SURRENDER FEES, AND IN CONNECTION WITH CERTAIN MUTUAL FUND "SWITCH" TRANSACTIONS, IT



USED AN AUTOMATED SURVEILLANCE SYSTEM THAT EXCLUDED THESE TRADES FROM SUPERVISORY REVIEW. THE FIRM ALSO FAILED TO SUPERVISE NON-TRADED REITS BY, AMONG OTHER THINGS, FAILING TO IDENTIFY ACCOUNTS ELIGIBLE FOR VOLUME SALES CHARGE DISCOUNTS. FINRA FOUND THAT THE FIRM FAILED TO IMPLEMENT ADEQUATE SYSTEMS FOR THE REVIEW AND ACCURATE REPORTING OF TRADES AND FOR THE ACCURATE DELIVERY OF TRADE CONFIRMATIONS. THE FIRM FAILED TO REVIEW LOW PRICED EQUITY TRADES, CONCENTRATED POSITIONS, ACTIVELY TRADED ACCOUNTS, AND POTENTIAL FRONT RUNNING BY EMPLOYEES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ACCURATELY REPORT TO THE OPTIONS CLEARING CORPORATION (OCC) OPTIONS DATA USING THE LARGE OPTIONS POSITIONS REPORT (LOPR) AND FAILED TO REPORT ITS CORRECT CAPACITY TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) AND TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE). THE FINDINGS ALSO INCLUDED THAT THE FIRM FURTHER FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS REPORTING REQUIREMENTS FOR OPTIONS, MUNICIPAL SECURITIES, AND TRACE ELIGIBLE SECURITIES. FINRA FOUND THAT THE FIRM FAILED TO DELIVER CONTEMPORANEOUS TRADE CONFIRMATIONS AND FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, REASONABLY DESIGNED TO ENSURE DELIVERY OF CONTEMPORANEOUS TRADE CONFIRMATIONS. FINRA ALSO FOUND THAT THE FIRM'S ANTI-MONEY LAUNDERING (AML) SURVEILLANCE SYSTEM FAILED TO GENERATE ALERTS FOR EXCESSIVE ATM WITHDRAWALS AND ATM WITHDRAWALS IN FOREIGN JURISDICTIONS. IN ADDITION, FINRA DETERMINED THAT THE FIRM FAILED TO ENSURE IT PROVIDED COMPLETE AND ACCURATE INFORMATION TO FINRA AND TO FEDERAL AND STATE REGULATORS CONCERNING CERTAIN VARIABLE ANNUITY TRANSACTIONS. MOREOVER, FINRA FOUND THAT THE FIRM FAILED TO REASONABLY SUPERVISE ITS ADVERTISING AND OTHER COMMUNICATIONS, INCLUDING ITS REGISTERED REPRESENTATIVES' USE OF CONSOLIDATED REPORTS, THE CREATION OR USE OF CONSOLIDATED REPORTS, AND FAILED TO ENSURE THAT THESE REPORTS REFLECTED COMPLETE AND ACCURATE INFORMATION. FURTHERMORE, FINRA FOUND THAT THE FIRM FAILED TO COMPLY WITH CERTAIN REGISTRATION REQUIREMENTS SUCH AS VERIFYING PRIOR EMPLOYMENT OF CERTAIN OF ITS REGISTERED REPRESENTATIVES AND FAILING TO TIMELY FILE FORM U4 AMENDMENTS AND FORMS U5. THE FINDINGS ALSO STATED THAT THE FIRM HAD A FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY RESULTING FROM A LONG SALE TRADE AND DID NOT CLOSE-OUT THE POSITION BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES





REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 204 OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 05/06/2015

**Docket/Case Number:** [2013035109701](#)

**Principal Product Type:** Other

**Other Product Type(s):** N/A

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

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

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

**Resolution Date:** 05/06/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$10,000,000. FURTHERMORE THE FIRM UNDERTAKES TO: (1) SUBMIT TO FINRA A WRITTEN PLAN OF HOW IT WILL UNDERTAKE TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO THE CONDUCT ADDRESSED IN THIS AWC, INCLUDING THE LENGTH OF TIME THE REVIEW OF EACH PARTICULAR ISSUE IS ANTICIPATED TO TAKE, AND WILL DESCRIBE ITS ADDITIONAL COMMITMENT OF RESOURCES AND PERSONNEL TO ITS LEGAL AND COMPLIANCE FUNCTIONS, INCLUDING CONTROL AND RISK FUNCTIONS; (2) CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATED TO THE SALE OF NON-TRADITIONAL ETFs; (3) ORDERED TO PAY RESTITUTION TO CUSTOMERS AFFECTED BY THE FIRM'S FAILURE TO REASONABLY SUPERVISE ITS RECOMMENDED SALES OF NON-TRADITIONAL ETFs AS DESCRIBED IN THIS AWC AND SUBJECT TO PARAMETERS AGREED UPON BY FINRA STAFF, IN THE AMOUNT OF \$1,664,592.05 AND ADDITIONALLY, IS ORDERED TO PAY RESTITUTION TO ITS CUSTOMERS WHO PURCHASE OR PURCHASED NON-TRADITIONAL ETFs DURING THE PERIOD FROM APRIL 10, 2015 THROUGH THE DATE THAT THE FIRM ESTABLISHES SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH



THE SUPERVISION OF NON-TRADITIONAL ETFS; AND (4) CONDUCT A REVIEW, COVERING THE TIME PERIOD OF THE SURVEILLANCE SYSTEM AML SCENARIOS IDENTIFIED IN THIS AWC, SPECIFICALLY, THE TWO ALERT-BASED SCENARIOS FOCUSED ON THE EXCESSIVE USE OF ATM WITHDRAWALS AND ATM WITHDRAWALS IN FOREIGN JURISDICTIONS.

#### Disclosure 75 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON OR ABOUT SEPTEMBER 4, 2014, LPL ENTERED INTO A CONSENT AGREEMENT WITH THE OHIO DEPARTMENT OF INSURANCE REGARDING THE REPORTING OF VARIOUS ADMINISTRATIVE ACTIONS ON ITS LICENSE. PURSUANT TO THE AGREEMENT, LPL WAS REQUIRED TO PAY A CIVIL PENALTY AND ADMINISTRATIVE COSTS. LPL FAILED TO COMPLY WITH THE ORDER IN PAYING THE CIVIL PENALTY AND ADMINISTRATIVE COSTS.
<b>Initiated By:</b>	STATE OF OHIO DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	02/13/2015
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Revocation
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/13/2015
<b>Sanctions Ordered:</b>	Revocation/Expulsion/Denial
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	LPL'S BUSINESS ENTITY INSURANCE AGENT'S LICENSE WAS REVOKED.
<b>Firm Statement</b>	LPL DID NOT RECEIVE THE INVOICE FOR THE \$1,000 CIVIL PENALTY AND ADMINISTRATIVE COSTS. WHEN THE FIRM BECAME AWARE OF THE ORDER OF REVOCATION, THE MONETARY PENALTY WAS PAID PROMPTLY AND THE FIRM'S LICENSE WAS REINSTATED ON FEBRUARY 27, 2015.  ON FEBRUARY 27, 2015, THE OHIO DEPARTMENT OF INSURANCE ISSUED



AN ORDER VACATING THE PRIOR ORDER OF REVOCATION ENTERED ON  
FEBRUARY 13, 2015.

**Disclosure 76 of 124**

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL FINANCIAL FAILED TO DETECT IMPROPER AND FRAUDULENT CODUCT ON THE PART OF DAVID LISNEK TOWARD HIS LPL CLIENTS. LPL FINANCIAL ALLOWED MR. LISNEK TO REMAIN A REGISTERED REPRESENTATIVE WHILE SEVERAL FACTS, VIEWED TOGETHER AS A PATTERN OF CONDUCT, WOULD HAVE CONSTITUTED MULTIPLE CAUTIONARY INDICATORS ("RED FLAGS") OF THE POTENTIAL FOR IMPROPER CONDUCT.
<b>Initiated By:</b>	STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT
<b>Date Initiated:</b>	10/31/2014
<b>Docket/Case Number:</b>	1200385
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	NOTICE OF HEARING
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	10/31/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$500,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	RESTITUTION IN THE AMOUNT OF \$315,218.00.
<b>Sanction Details:</b>	CONSENT ORDER

**Disclosure 77 of 124**

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FROM APPROXIMATELY DECEMBER 2010 THROUGH DECEMBER 12, 2012, LPL FINANCIAL WAS SUBJECT TO VARIOUS FINRA ACTIONS AND OTHER



ADMINISTRATIVE ACTIONS ON ITS PROFESSIONAL LICENSES IN THE STATES OF ILLINOIS, KENTUCKY, MISSOURI, AND TEXAS. LPL FINANCIAL REPORTED ITS ADMINISTRATIVE ACTIONS TO THE OHIO DEPARTMENT OF INSURANCE. HOWEVER, THEY WEREN'T REPORTED TO THE DEPARTMENT WITHIN THE REQUIRED THIRTY-DAY TIME PERIOD.

**Initiated By:** STATE OF OHIO DEPARTMENT OF INSURANCE

**Date Initiated:** 08/25/2014

**Docket/Case Number:** NONE

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 09/04/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$800.00

**Other Sanctions Ordered:** PAY AN ADMINISTRATIVE COST OF \$200.00.

**Sanction Details:** LPL FINANCIAL AGREES TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$800.00, AND AN ADMINISTRATIVE COST IN THE AMOUNT OF \$200.00.

#### Disclosure 78 of 124

**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 EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE REPORTS CONTAINED INACCURATE TIMESTAMPS. ADDITIONALLY, THE FIRM FAILED TO TRANSMIT TWO REPORTABLE ORDER EVENTS (ROES) TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SHOW THE CORRECT ORDER RECEIPT TIME ON THE MEMORANDUM. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION



REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA OR THE SEC. FINRA FOUND THAT THE FIRM FAILED TO REPORT S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 07/30/2014

**Docket/Case Number:** [2012031659001](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

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

**Resolution Date:** 07/30/2014

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

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

**Other Sanctions Ordered:** THE FIRM IS REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

**Sanction Details:** SEE ABOVE

FINE PAID IN FULL ON AUGUST 10, 2014.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED



INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE REPORTS CONTAINED INACCURATE TIMESTAMPS. ADDITIONALLY, THE FIRM FAILED TO TRANSMIT TWO REPORTABLE ORDER EVENTS (ROES) TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SHOW THE CORRECT ORDER RECEIPT TIME ON THE MEMORANDUM. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA OR THE SEC. FINRA FOUND THAT THE FIRM FAILED TO REPORT S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 07/30/2014

**Docket/Case Number:** [2012031659001](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

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

**Resolution Date:** 07/30/2014

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

**Other Sanctions Ordered:** THE FIRM IS REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

**Sanction Details:** SEE ABOVE

#### Disclosure 79 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FROM AT LEAST 2009 TO 2013, LPL FINANCIAL FAILED TO ADEQUATELY MAINTAIN CERTAIN BOOKS AND RECORDS DOCUMENTING ITS VARIABLE ANNUITY EXCHANGE BUSINESS AND FAILED TO ENFORCE ITS SUPERVISORY SYSTEM AND PROCEDURES IN CONNECTION WITH THE



DOCUMENTATION OF CERTAIN SALESPERSONS' VARIABLE ANNUITY EXCHANGE ACTIVITIES. LPL FINANCIAL'S CONDUCT CONSTITUTES CAUSE TO IMPOSE SANCTIONS PURSUANT TO SECTIONS 8.E.1(E) AND (Q) OF THE ILLINOIS SECURITIES LAW OF 1953, [815 ILCS 5/1 ET SEQ.,] (THE "ACT") AND VIOLATES SECTION 12.A OF THE ACT.

**Initiated By:** STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT

**Date Initiated:** 06/30/2014

**Docket/Case Number:** 1200385

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** VARIABLE

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

**Other Sanction(s)/Relief Sought:** NOTICE OF HEARING

**Resolution:** Consent

**Resolution Date:** 06/30/2014

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,000,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** RESTITUTION AMOUNT OF \$819,885.53

**Sanction Details:** CONSENT ORDER

**Regulator Statement** NOTICE OF HEARING WAS ISSUED JUNE 30, 2014. CONSENT ORDER WAS ISSUED JUNE 30, 2014. CONTACT 217-782-2256

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FROM AT LEAST 2009 TO 2013, LPL FINANCIAL FAILED TO ADEQUATELY



MAINTAIN CERTAIN BOOKS AND RECORDS DOCUMENTING ITS VARIABLE ANNUITY EXCHANGE BUSINESS AND FAILED TO ENFORCE ITS SUPERVISORY SYSTEM AND PROCEDURES IN CONNECTION WITH THE DOCUMENTATION OF CERTAIN SALESPERSONS' VARIABLE ANNUITY EXCHANGE ACTIVITIES. LPL FINANCIAL'S CONDUCT CONSTITUTES CAUSE TO IMPOSE SANCTIONS PURSUANT TO SECTIONS 8.E.1(E) AND (Q) OF THE ILLINOIS SECURITIES LAW OF 1953, [815 ILCS 5/1 ET SEQ.,] (THE "ACT") AND VIOLATES SECTION 12.A OF THE ACT.

**Initiated By:** STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT

**Date Initiated:** 06/30/2014

**Docket/Case Number:** 1200385

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

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** NOTICE OF HEARING

**Resolution:** Consent

**Resolution Date:** 06/30/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,000,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** RESTITUTION AMOUNT OF \$819,885.53

**Sanction Details:** CONSENT ORDER

#### Disclosure 80 of 124

**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 ITS ALTERNATIVE INVESTMENT BUSINESS INCLUDED NON-TRADED REITS, OIL AND GAS PARTNERSHIPS, BUSINESS DEVELOPMENT COMPANIES (BDCS), EQUIPMENT LEASING PROGRAMS, REAL ESTATE LIMITED PARTNERSHIPS, HEDGE FUNDS, MANAGED FUTURES AND ANY OTHER ILLIQUID PASS-THROUGH INVESTMENTS. THE FINDINGS STATED THAT THE FIRM HAD,



GENERALLY, A THREE-TIERED SUPERVISORY SYSTEM FOR PROCESSING AND REVIEWING ALTERNATIVE INVESTMENT TRANSACTIONS. HOWEVER, THE FIRM HAD DEFICIENCIES IN EACH LAYER OF THE SUPERVISORY SYSTEM FOR PROCESSING AND REVIEWING ALTERNATIVE INVESTMENT TRANSACTIONS, IN ITS TRANSACTION PAPERWORK AND IN ITS ALTERNATIVE INVESTMENTS TRAINING FOR ITS REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL. THE FINDINGS ALSO STATED THAT FOR OVER FOUR YEARS, THE FIRM FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE FINRA RULE AND CERTAIN STATE SUITABILITY REQUIREMENTS. DURING THE PERIOD THE FIRM HAD THE FOLLOWING SUPERVISORY DEFICIENCIES: THE AUTOMATED SYSTEM (AI DATABASE) UTILIZED BY THE FIRM TO ASSESS CONCENTRATION LEVELS FOR ALTERNATIVE INVESTMENT TRANSACTIONS, DUE TO PROGRAMMING LOGIC FAILURES, FAILED TO CONSISTENTLY IDENTIFY TRANSACTIONS THAT VIOLATED ITS OWN ALTERNATIVE INVESTMENT CONCENTRATION GUIDELINES. A SAMPLING OF REIT TRANSACTIONS REVEALED INSTANCES IN WHICH CUSTOMERS' AGGREGATE ALTERNATIVE INVESTMENT HOLDINGS EXCEEDED THE FIRM'S CONCENTRATION GUIDELINES; THE AI DATABASE DID NOT CONSISTENTLY CONTAIN CURRENT AND ACCURATE INFORMATION REGARDING STATE AND PROSPECTUS SUITABILITY STANDARDS. A SAMPLING OF REIT TRANSACTIONS REVEALED INSTANCES IN WHICH THE FIRM APPROVED REIT TRANSACTIONS IN CONTRAVENTION OF STATE SUITABILITY STANDARDS AND OCCASIONS IN WHICH IT APPROVED REIT TRANSACTIONS IN VIOLATION OF THE PROSPECTUS SUITABILITY STANDARDS; THE FIRM'S LIQUID NET WORTH DEFINITION WAS NOT COMPARED AND ANALYZED AGAINST THE DEFINITIONS PROVIDED BY OTHER STATES AND DID NOT DEDUCT TAXES, FEES, AND PENALTIES FOR AN EARLY RETIREMENT ACCOUNT WITHDRAWAL; THE FIRM'S ALTERNATIVE INVESTMENT FORM (AI-1 FORM) PROVIDED INACCURATE INFORMATION TO REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL REGARDING THE COMPUTATION OF ALTERNATIVE INVESTMENT CONCENTRATION LEVELS; THE FIRM'S MANUAL SUITABILITY REVIEW OF REGISTERED REPRESENTATIVES' AND PRODUCING OFFICE OF SUPERVISORY JURISDICTION'S ALTERNATIVE INVESTMENT TRANSACTIONS WAS FLAWED; THERE WERE INADEQUATE TRAINING OF THE FIRM'S REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL TO ANALYZE STATE SUITABILITY STANDARDS FOR ALTERNATIVE INVESTMENT TRANSACTIONS (E.G., REITS, BDCS,); THE SUITABILITY CHART PROVIDED TO THE FIRM SUPERVISORS DID NOT CONSISTENTLY CONTAIN CURRENT AND ACCURATE PROSPECTUS AND STATE SUITABILITY STANDARDS RELATING TO CERTAIN ALTERNATIVE INVESTMENTS (E.G., REITS, BDCS AND MANAGED FUTURES); AND THE





FIRM HAD NO CONTROLS TO ENSURE THAT ITS REGISTERED REPRESENTATIVES, WHEN EFFECTING CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS (E.G. REITS, BDCS), USED THE SUBSCRIPTION AGREEMENT THAT CORRESPONDED TO THE MOST RECENT PROSPECTUS ISSUED BY THE SPONSOR (TO ENSURE THAT THE CORRECT STATE SUITABILITY STANDARDS WERE EMPLOYED BY THE REGISTERED REPRESENTATIVE AND REVIEWING PERSONNEL). THE FINDINGS ALSO INCLUDED THAT DURING THE PERIOD, THE FIRM FAILED TO IMPLEMENT WSPS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE FINRA RULE AND STATE SUITABILITY REQUIREMENTS. THE FIRM'S WSPS FAILED TO OFFER ANY GUIDANCE TO ITS REGISTERED REPRESENTATIVES OR SUPERVISORY PERSONNEL REGARDING ANALYZING THE STATE SUITABILITY STANDARDS FOR CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS. (CONT. IN COMMENT SECTION)

**Initiated By:** FINRA

**Date Initiated:** 03/24/2014

**Docket/Case Number:** [2011027170901](#)

**Principal Product Type:** Other

**Other Product Type(s):** ALTERNATIVE INVESTMENTS

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

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

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

**Resolution Date:** 03/24/2014

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$950,000.00

**Other Sanctions Ordered:** THE FIRM FURTHER CONSENTS TO UNDERTAKE, OR COMPLETE THE UNDERTAKING IF ALREADY UNDER WAY, A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO THE SUPERVISORY DEFICIENCIES ADDRESSED IN THE AWC. IN ADDITION,



WITHIN 90 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA THAT (I) THE FIRM HAS ENGAGED IN THE COMPREHENSIVE REVIEW; AND (II) AS OF THE DATE OF THE CERTIFICATION, RESPONDENT HAS IN PLACE POLICIES AND PROCEDURES SUFFICIENT TO ADDRESS THE MATTERS IDENTIFIED IN THIS AWC.

**Sanction Details:**

SEE ABOVE

**Regulator Statement**

CONT. FROM ALLEGATION SECTION) -  
 IN ADDITION, THE WSPS DID NOT REQUIRE THAT TAXES, FEES, AND PENALTIES BE DEDUCTED FROM A CUSTOMER'S LIQUID NET WORTH CALCULATION IN THE EVENT OF AN EARLY WITHDRAWAL FROM A RETIREMENT ACCOUNT. LASTLY, THE WSPS DID NOT DESCRIBE THE STEPS THAT SHOULD HAVE BEEN TAKEN BY A SUPERVISOR IN CONDUCTING A SUITABILITY REVIEW OF ALTERNATIVE INVESTMENT TRANSACTIONS.

**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 ITS ALTERNATIVE INVESTMENT BUSINESS INCLUDED NON-TRADED REITS, OIL AND GAS PARTNERSHIPS, BUSINESS DEVELOPMENT COMPANIES (BDCS), EQUIPMENT LEASING PROGRAMS, REAL ESTATE LIMITED PARTNERSHIPS, HEDGE FUNDS, MANAGED FUTURES AND ANY OTHER ILLIQUID PASS-THROUGH INVESTMENTS. THE FINDINGS STATED THAT THE FIRM HAD, GENERALLY, A THREE-TIERED SUPERVISORY SYSTEM FOR PROCESSING AND REVIEWING ALTERNATIVE INVESTMENT TRANSACTIONS. HOWEVER, THE FIRM HAD DEFICIENCIES IN EACH LAYER OF THE SUPERVISORY SYSTEM FOR PROCESSING AND REVIEWING ALTERNATIVE INVESTMENT TRANSACTIONS, IN ITS TRANSACTION PAPERWORK AND IN ITS ALTERNATIVE INVESTMENTS TRAINING FOR ITS REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL. THE FINDINGS ALSO STATED THAT FOR OVER FOUR YEARS, THE FIRM FAILED TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE FINRA RULE AND CERTAIN STATE SUITABILITY REQUIREMENTS. DURING THE PERIOD THE FIRM HAD THE FOLLOWING SUPERVISORY DEFICIENCIES: THE AUTOMATED SYSTEM (AI DATABASE) UTILIZED BY THE FIRM TO ASSESS CONCENTRATION LEVELS FOR ALTERNATIVE INVESTMENT TRANSACTIONS, DUE TO PROGRAMMING LOGIC FAILURES, FAILED TO CONSISTENTLY IDENTIFY TRANSACTIONS THAT VIOLATED ITS OWN ALTERNATIVE INVESTMENT



CONCENTRATION GUIDELINES. A SAMPLING OF REIT TRANSACTIONS REVEALED INSTANCES IN WHICH CUSTOMERS' AGGREGATE ALTERNATIVE INVESTMENT HOLDINGS EXCEEDED THE FIRM'S CONCENTRATION GUIDELINES; THE AI DATABASE DID NOT CONSISTENTLY CONTAIN CURRENT AND ACCURATE INFORMATION REGARDING STATE AND PROSPECTUS SUITABILITY STANDARDS. A SAMPLING OF REIT TRANSACTIONS REVEALED INSTANCES IN WHICH THE FIRM APPROVED REIT TRANSACTIONS IN CONTRAVENTION OF STATE SUITABILITY STANDARDS AND OCCASIONS IN WHICH IT APPROVED REIT TRANSACTIONS IN VIOLATION OF THE PROSPECTUS SUITABILITY STANDARDS; THE FIRM'S LIQUID NET WORTH DEFINITION WAS NOT COMPARED AND ANALYZED AGAINST THE DEFINITIONS PROVIDED BY OTHER STATES AND DID NOT DEDUCT TAXES, FEES, AND PENALTIES FOR AN EARLY RETIREMENT ACCOUNT WITHDRAWAL; THE FIRM'S ALTERNATIVE INVESTMENT FORM (AI-1 FORM) PROVIDED INACCURATE INFORMATION TO REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL REGARDING THE COMPUTATION OF ALTERNATIVE INVESTMENT CONCENTRATION LEVELS; THE FIRM'S MANUAL SUITABILITY REVIEW OF REGISTERED REPRESENTATIVES' AND PRODUCING OFFICE OF SUPERVISORY JURISDICTION'S ALTERNATIVE INVESTMENT TRANSACTIONS WAS FLAWED; THERE WERE INADEQUATE TRAINING OF THE FIRM'S REGISTERED REPRESENTATIVES AND SUPERVISORY PERSONNEL TO ANALYZE STATE SUITABILITY STANDARDS FOR ALTERNATIVE INVESTMENT TRANSACTIONS (E.G., REITS, BDCS,); THE SUITABILITY CHART PROVIDED TO THE FIRM SUPERVISORS DID NOT CONSISTENTLY CONTAIN CURRENT AND ACCURATE PROSPECTUS AND STATE SUITABILITY STANDARDS RELATING TO CERTAIN ALTERNATIVE INVESTMENTS (E.G., REITS, BDCS AND MANAGED FUTURES); AND THE FIRM HAD NO CONTROLS TO ENSURE THAT ITS REGISTERED REPRESENTATIVES, WHEN EFFECTING CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS (E.G. REITS, BDCS), USED THE SUBSCRIPTION AGREEMENT THAT CORRESPONDED TO THE MOST RECENT PROSPECTUS ISSUED BY THE SPONSOR (TO ENSURE THAT THE CORRECT STATE SUITABILITY STANDARDS WERE EMPLOYED BY THE REGISTERED REPRESENTATIVE AND REVIEWING PERSONNEL). THE FINDINGS ALSO INCLUDED THAT DURING THE PERIOD, THE FIRM FAILED TO IMPLEMENT WSPS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE FINRA RULE AND STATE SUITABILITY REQUIREMENTS. THE FIRM'S WSPS FAILED TO OFFER ANY GUIDANCE TO ITS REGISTERED REPRESENTATIVES OR SUPERVISORY PERSONNEL REGARDING ANALYZING THE STATE SUITABILITY STANDARDS FOR CERTAIN ALTERNATIVE INVESTMENT TRANSACTIONS. (CONT. IN COMMENT SECTION)

**Initiated By:**

FINRA



**Date Initiated:** 03/24/2014

**Docket/Case Number:** [2011027170901](#)

**Principal Product Type:** Other

**Other Product Type(s):** ALTERNATIVE INVESTMENTS

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

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

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

**Resolution Date:** 03/24/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$950,000.00

**Other Sanctions Ordered:** THE FIRM FURTHER CONSENTS TO UNDERTAKE, OR COMPLETE THE UNDERTAKING IF ALREADY UNDER WAY, A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO THE SUPERVISORY DEFICIENCIES ADDRESSED IN THE AWC. IN ADDITION, WITHIN 90 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA THAT (I) THE FIRM HAS ENGAGED IN THE COMPREHENSIVE REVIEW; AND (II) AS OF THE DATE OF THE CERTIFICATION, RESPONDENT HAS IN PLACE POLICIES AND PROCEDURES SUFFICIENT TO ADDRESS THE MATTERS IDENTIFIED IN THIS AWC.

**Sanction Details:** SEE ABOVE

**Firm Statement** (CONT. FROM ALLEGATION SECTION) - IN ADDITION, THE WSPS DID NOT REQUIRE THAT TAXES, FEES, AND PENALTIES BE DEDUCTED FROM A CUSTOMER'S LIQUID NET WORTH CALCULATION IN THE EVENT OF AN EARLY WITHDRAWAL FROM A RETIREMENT ACCOUNT. LASTLY, THE WSPS DID NOT DESCRIBE THE STEPS THAT SHOULD HAVE BEEN TAKEN BY A SUPERVISOR IN CONDUCTING A SUITABILITY REVIEW OF ALTERNATIVE INVESTMENT TRANSACTIONS.

#### Disclosure 81 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE ENFORCEMENT SECION OF THE MISSOURI SECURITIES DIVISION OF THE OFFICE OF THE SECRETARY OF STATE HAS ALLEGED THAT LPL



FINANCIAL LLC FAILED TO REASONABLY SUPERVISE GREG JOHN CAMPBELL, A MISSOURI-REGISTERED AGENT WHO ENGAGED IN DISHONEST OR UNETHICAL PRACTICES, IN VIOLATION OF SECTION 409.4-412(D)(9), RSMO. (CUM. SUPP. 2012).

**Initiated By:** MISSOURI

**Date Initiated:** 12/17/2013

**Docket/Case Number:** AP-13-21

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 12/17/2013

**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 \$175,000.00

**Other Sanctions Ordered:** PAY COST OF THE INVESTIGATION IN THE AMOUNT OF \$10,000.00.

**Sanction Details:** TOTAL: \$185000.00

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE ENFORCEMENT SECTION OF THE MISSOURI SECURITIES DIVISION OF THE OFFICE OF THE SECRETARY OF STATE HAS ALLEGED THAT LPL FINANCIAL LLC FAILED TO REASONABLY SUPERVISE GREG JOHN CAMPBELL, A MISSOURI-REGISTERED AGENT WHO ENGAGED IN DISHONEST OR UNETHICAL PRACTICES, IN VIOLATION OF SECTION 409.4-412(D)(9), RSMO. (CUM. SUPP. 2012).



**Initiated By:** MISSOURI  
**Date Initiated:** 12/17/2013  
**Docket/Case Number:** AP-13-21  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 12/17/2013  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$175,000.00  
**Other Sanctions Ordered:** PAY COST OF THE INVESTIGATION IN THE AMOUNT OF \$10,000.00.  
**Sanction Details:** TOTAL: \$185,000.00

#### Disclosure 82 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECURITIES EXCHANGE ACT RULE 17A-4, FINRA RULES 2010, 4511, NASD RULES 2110, 3010(A), 3010(D)(2), 3110 - LPL FINANCIAL LLC, FROM 2008 TO 2011, DID NOT REVIEW AND SUPERVISE 28 MILLION "DOING BUSINESS AS" (DBA) EMAILS SENT AND RECEIVED FROM THOUSANDS OF REPRESENTATIVES. THIS FAILURE TO SUPERVISE EMAILS OCCURRED BECAUSE: (I) THE FIRM'S POLICIES AND PROCEDURES FAILED TO REASONABLY ENSURE THAT DBA EMAIL ADDRESSES WERE LINKED TO THE FIRM'S SUPERVISORY SYSTEM, AND (II) LPL'S SUPERVISORY SYSTEM DID NOT CAPTURE ALL DBA EMAIL ADDRESSES SINCE IT WAS DESIGNED TO REVIEW ONLY ONE DBA EMAIL ADDRESS PER REPRESENTATIVE EVEN THOUGH MANY LPL ADVISORS CONDUCTED BUSINESS USING MULTIPLE DBA EMAIL ADDRESSES. LPL WAS AWARE OF NUMEROUS RED FLAGS OVER MANY YEARS THAT ITS SUPERVISORY SYSTEM FOR THE REVIEW OF DBA EMAILS WAS NOT FUNCTIONING PROPERLY. IN FACT, FOR ALMOST A YEAR, THE FIRM DID NOT REVIEW DBA EMAILS BECAUSE ITS SUPERVISORY SYSTEM COULD NOT ACCOMMODATE DBA EMAIL. WHEN



THE FIRM DISCOVERED THAT IT WAS NOT SUPERVISING DBA EMAILS, ITS RESPONSE WAS INADEQUATE-MODIFYING ITS SYSTEM SO THAT ONLY ONE DBA EMAIL ADDRESS PER REPRESENTATIVE WAS INGESTED INTO ITS REVIEW SYSTEM WHILE MANY REPRESENTATIVES CONTINUED TO USE MULTIPLE DBA EMAIL ADDRESSES. A FIRM EMPLOYEE DISCOVERED THAT 2,500 DBA EMAIL ADDRESSES WERE NOT SET UP IN LPL'S SUPERVISORY SYSTEM. A PROJECT WAS INITIATED TO ADD THESE 2,500 DBA EMAIL ADDRESSES TO THE SUPERVISORY SYSTEM, BUT THE PROJECT WAS STOPPED BEFORE IT COULD BE COMPLETED. THE FIRM APPROVED FUNDING OF ANOTHER PROJECT, WHICH WAS CALLED THE "TIGHTEN EMAIL CONTROLS" PROJECT BUT AFTER BEING APPROVED, THE PROJECT LANGUISHED. THE FIRM SWITCHED TO A CHEAPER EMAIL ARCHIVE PROVIDER. THE TRANSITION TO THE NEW PLATFORM WAS FRAUGHT WITH ISSUES THAT RENDERED THE FIRM UNABLE TO RESPOND COMPLETELY TO CERTAIN REQUESTS FOR EMAILS FROM REGULATORS. THESE ISSUES ALSO LIKELY AFFECTED THE FIRM'S ABILITY TO FULLY RESPOND TO ALL REQUESTS FROM CUSTOMERS WITH ARBITRATION CLAIMS AND PRIVATE LITIGANTS. FOR ALMOST FIVE MONTHS AFTER IT SWITCHED PROVIDERS, THE FIRM HAD LIMITED ACCESS TO EMAILS SENT OR RECEIVED. THE COMPANY THAT HAD PREVIOUSLY ARCHIVED EMAIL FOR LPL TERMINATED ITS ACCESS TO EMAILS SENT OR RECEIVED. AS A RESULT, LPL LOST ACCESS TO 280 MILLION EMAILS. LPL MADE LITTLE EFFORT TO REGAIN ACCESS, AND MANUALLY LOADED HARD DRIVES OF EMAILS FROM THE OLD ARCHIVE INTO THE NEW ARCHIVE, A LABORIOUS PROCESS SO THAT FOR ABOUT 5 MONTHS, THE FIRM DID NOT HAVE ACCESS TO 280 MILLION EMAILS SENT OR RECEIVED PRIOR TO A CERTAIN DATE. WHILE LPL BELIEVED THAT THE INGESTION PROCESS WAS COMPLETE, IN FACT, 80 MILLION OF THE 280 MILLION HISTORICAL EMAILS WERE CORRUPT AND COULD NOT BE ACCESSED IN LPL'S NEW ARCHIVE. FIRM PERSONNEL DETECTED THIS ISSUE AND, FOR SEVERAL MONTHS, IT TOOK INADEQUATE AND UNSUCCESSFUL STEPS TO ACCESS THESE CORRUPTED EMAILS. FINALLY, IT WAS FORCED TO EXECUTE A CONTRACT WITH ITS OLD ARCHIVE PROVIDER TO GRANT ACCESS TO THE EMAILS. THEREFORE, FOR ABOUT NINE MONTHS, LPL DID NOT HAVE ACCESS TO 80 MILLION OF ITS 280 MILLION EMAILS THAT WERE SENT OR RECEIVED. LPL DID NOT REVIEW OR ARCHIVE BLOOMBERG MESSAGES FOR SEVEN YEARS. LPL'S EXECUTIVE OFFICERS LEARNED THAT THE FIRM WAS NOT SUPERVISING OR ARCHIVING BLOOMBERG MESSAGES BUT DID NOT TAKE ADEQUATE STEPS TO ENSURE IT WAS ARCHIVING AND SURVEILLING BLOOMBERG MESSAGES. AS A RESULT, 3.5 MILLION HISTORICAL BLOOMBERG MESSAGES WERE NOT ARCHIVED OR SURVEILED BY THE FIRM. IT TOOK THE FIRM TWO YEARS TO BEGIN REVIEWING THESE BLOOMBERG MESSAGES, A PROCESS THAT HAS YET TO BE COMPLETED. THE FIRM'S FAILURE TO HAVE ACCESS TO AND



REVIEW BLOOMBERG MESSAGES COMPROMISED ITS ABILITY TO RESPOND TO REGULATORY REQUESTS FOR CORRESPONDENCE COMPLETELY. IN RESPONSE TO REQUESTS, THE FIRM WOULD ONLY PRODUCE HARD COPY VERSIONS OF BLOOMBERG MESSAGES RETAINED IN THE FIRM'S TRADING FILES BUT HAD NO SYSTEM OR PROCEDURE IN PLACE TO ENSURE ALL MESSAGES WERE PRINTED AND SAVED. [CONTINUED IN COMMENT.]

**Initiated By:** FINRA

**Date Initiated:** 05/21/2013

**Docket/Case Number:** [2012032218001](#)

**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:** 05/21/2013

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED 7.5 MILLION AND REQUIRED WITHIN 30 DAYS OF THE DATE THE AWC IS ACCEPTED, TO DEPOSIT \$1.5 MILLION INTO AN ESCROW ACCOUNT TO ESTABLISH A FUND (THE "FUND") TO MAKE PAYMENTS TO BROKERAGE CUSTOMER CLAIMANTS IN ARBITRATIONS OR LITIGATIONS BROUGHT AGAINST LPL INITIATED ON OR AFTER, OR STILL OPEN AS OF, JANUARY 1, 2007, AND WHICH WERE CLOSED ON OR BEFORE DECEMBER 17, 2012 ("ELIGIBLE CLAIMANTS"). THOSE PAYMENTS SHALL REPRESENT DISCOVERY SANCTIONS FOR LPL'S LIKELY FAILURE TO PRODUCE ALL RESPONSIVE EMAILS IN CERTAIN OF





SUCH MATTERS. ANY FUNDS REMAINING IN THE FUND, AFTER PAYMENT OF ALL AMOUNTS TO ELIGIBLE CLAIMANTS, WILL REVERT TO FINRA AS AN ADDITIONAL FINE AMOUNT. IN NO EVENT, SHALL SUCH ADDITIONAL FINE AMOUNT EXCEED \$1.5 MILLION. LPL HAS RETAINED AN EMAIL CONSULTING FIRM TO HELP IT ADDRESS AND REMEDIATE ITS EMAIL RETENTION AND REVIEW DEFICIENCIES. WITHIN 60 DAYS OF THE DATE THIS AWC IS ACCEPTED, LPL SHALL PROVIDE A REPORT TO FINRA SETTING FORTH ITS REMEDIAL PLAN. WITHIN 180 DAYS OF THE DATE THIS AWC IS ACCEPTED, A PRINCIPAL OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA STAFF THAT THE FIRM HAS ESTABLISHED SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE BOOKS AND RECORDS AND THE SUPERVISION REQUIREMENTS RELATED TO EMAILS. WITHIN 30 DAYS OF THE DATE THIS AWC IS ACCEPTED, LPL SHALL PROVIDE FINRA STAFF WITH A LIST OF ALL REGULATORY AGENCIES THAT RECEIVED POTENTIALLY INCOMPLETE PRODUCTION OF EMAIL IN RESPONSE TO REQUESTS OR SUBPOENAS SENT FROM JANUARY 1, 2007 TO DECEMBER 17, 2012. WITHIN 60 DAYS OF THE DATE THIS AWC IS ACCEPTED, A PRINCIPAL OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA STAFF THAT THE FIRM HAS NOTIFIED ALL SUCH REGULATORY AGENCIES OF ITS POTENTIALLY INCOMPLETE EMAIL PRODUCTIONS. FINE PAID ON JUNE 7, 2013. AN ADDITIONAL FINE AMOUNT OF \$551,500 WAS PAID TO FINRA ON 5/11/2015.

### Regulator Statement

ALLEGATIONS CONTINUED: THE FIRM DID NOT REVIEW THE EMAILS OF ANY OF ITS REGISTERED EMPLOYEES, SUCH AS HOME OFFICE PERSONNEL, WHO SHOULD HAVE ALSO BEEN SUBJECT TO SUPERVISION IN ADDITION TO ITS INDEPENDENT ADVISORS. THE FIRM ALLOWED ITS REGISTERED REPRESENTATIVES TO SEND EMAILS THROUGH THIRD-PARTY EMAIL-BASED ADVERTISEMENT PLATFORMS. FIRM PERSONNEL KNEW THAT THE EMAILS TRANSMITTING THESE ADVERTISEMENTS THROUGH THESE PLATFORMS WERE NOT BEING ARCHIVED. THE FIRM ATTEMPTED TO ADDRESS THIS ISSUE BY REQUIRING ITS REPRESENTATIVES TO COPY THEIR OWN LPL EMAIL ADDRESS ON ANY MESSAGES SENT TO CUSTOMERS USING THE ADVERTISING PLATFORMS BUT TOOK INADEQUATE STEPS TO ENSURE THE REPRESENTATIVES WERE COMPLYING WITH THIS REQUIREMENT. THREE DIFFERENT FINANCIAL INSTITUTIONS HAD PROBLEMS TRANSFERRING THEIR EMAILS TO LPL'S SYSTEM. THIS RESULTED IN APPROXIMATELY 700,000 TOTAL EMAILS NOT BEING SUPERVISED BY THE FIRM. LPL'S INADEQUATE SYSTEMS AND PROCEDURES RELATING TO EMAILS CAUSED THE FIRM TO PROVIDE INCOMPLETE RESPONSES TO EMAIL REQUESTS IN CERTAIN REGULATORY INVESTIGATIONS AND EXAMS. THESE SAME SHORTCOMINGS ALSO LIKELY AFFECTED THE FIRM'S ABILITY TO FULLY RESPOND TO ALL REQUESTS FROM CUSTOMERS WITH ARBITRATION CLAIMS AND PRIVATE LITIGANTS. LPL REPORTED ITS DBA EMAIL ISSUE TO FINRA, PURSUANT TO FINRA RULE 4530. FINRA STAFF ASKED FOR



ADDITIONAL INFORMATION CONCERNING HOW AND WHEN THE PROBLEM WAS DISCOVERED. LPL RESPONDED TO FINRA'S REQUEST WITH A COVER LETTER AND CHRONOLOGY OF EVENTS CONCERNING THE DISCOVERY OF THE DBA EMAIL ISSUE. THE LETTER AND CHRONOLOGY MADE TWO MATERIAL MISSTATEMENTS REGARDING WHEN THE FIRM WAS AWARE OF PROBLEMS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SECURITIES EXCHANGE ACT RULE 17A-4, FINRA RULES 2010, 4511, NASD RULES 2110, 3010(A), 3010(D)(2), 3110 - LPL FINANCIAL LLC, FROM 2008 TO 2011, DID NOT REVIEW AND SUPERVISE 28 MILLION "DOING BUSINESS AS" (DBA) EMAILS SENT AND RECEIVED FROM THOUSANDS OF REPRESENTATIVES. THIS FAILURE TO SUPERVISE EMAILS OCCURRED BECAUSE: (I) THE FIRM'S POLICIES AND PROCEDURES FAILED TO REASONABLY ENSURE THAT DBA EMAIL ADDRESSES WERE LINKED TO THE FIRM'S SUPERVISORY SYSTEM, AND (II) LPL'S SUPERVISORY SYSTEM DID NOT CAPTURE ALL DBA EMAIL ADDRESSES SINCE IT WAS DESIGNED TO REVIEW ONLY ONE DBA EMAIL ADDRESS PER REPRESENTATIVE EVEN THOUGH MANY LPL ADVISORS CONDUCTED BUSINESS USING MULTIPLE DBA EMAIL ADDRESSES. LPL WAS AWARE OF NUMEROUS RED FLAGS OVER MANY YEARS THAT ITS SUPERVISORY SYSTEM FOR THE REVIEW OF DBA EMAILS WAS NOT FUNCTIONING PROPERLY. IN FACT, FOR ALMOST A YEAR, THE FIRM DID NOT REVIEW DBA EMAILS BECAUSE ITS SUPERVISORY SYSTEM COULD NOT ACCOMMODATE DBA EMAIL. WHEN THE FIRM DISCOVERED THAT IT WAS NOT SUPERVISING DBA EMAILS, ITS RESPONSE WAS INADEQUATE-MODIFYING ITS SYSTEM SO THAT ONLY ONE DBA EMAIL ADDRESS PER REPRESENTATIVE WAS INGESTED INTO ITS REVIEW SYSTEM WHILE MANY REPRESENTATIVES CONTINUED TO USE MULTIPLE DBA EMAIL ADDRESSES. A FIRM EMPLOYEE DISCOVERED THAT 2,500 DBA EMAIL ADDRESSES WERE NOT SET UP IN LPL'S SUPERVISORY SYSTEM. A PROJECT WAS INITIATED TO ADD THESE 2,500 DBA EMAIL ADDRESSES TO THE SUPERVISORY SYSTEM, BUT THE PROJECT WAS STOPPED BEFORE IT COULD BE COMPLETED. THE FIRM APPROVED FUNDING OF ANOTHER PROJECT, WHICH WAS CALLED THE "TIGHTEN EMAIL CONTROLS" PROJECT BUT AFTER BEING APPROVED, THE PROJECT LANGUISHED. THE FIRM SWITCHED TO A CHEAPER EMAIL ARCHIVE PROVIDER. THE TRANSITION TO THE NEW PLATFORM WAS FRAUGHT WITH ISSUES THAT RENDERED THE FIRM UNABLE TO RESPOND COMPLETELY TO CERTAIN REQUESTS FOR EMAILS FROM REGULATORS. THESE ISSUES ALSO LIKELY AFFECTED THE FIRM'S ABILITY TO FULLY RESPOND TO ALL REQUESTS FROM CUSTOMERS WITH ARBITRATION CLAIMS AND PRIVATE LITIGANTS. FOR ALMOST FIVE MONTHS AFTER IT SWITCHED PROVIDERS,



THE FIRM HAD LIMITED ACCESS TO EMAILS SENT OR RECEIVED. THE COMPANY THAT HAD PREVIOUSLY ARCHIVED EMAIL FOR LPL TERMINATED ITS ACCESS TO EMAILS SENT OR RECEIVED. AS A RESULT, LPL LOST ACCESS TO 280 MILLION EMAILS. LPL MADE LITTLE EFFORT TO REGAIN ACCESS, AND MANUALLY LOADED HARD DRIVES OF EMAILS FROM THE OLD ARCHIVE INTO THE NEW ARCHIVE, A LABORIOUS PROCESS SO THAT FOR ABOUT 5 MONTHS, THE FIRM DID NOT HAVE ACCESS TO 280 MILLION EMAILS SENT OR RECEIVED PRIOR TO A CERTAIN DATE. WHILE LPL BELIEVED THAT THE INGESTION PROCESS WAS COMPLETE, IN FACT, 80 MILLION OF THE 280 MILLION HISTORICAL EMAILS WERE CORRUPT AND COULD NOT BE ACCESSED IN LPL'S NEW ARCHIVE. FIRM PERSONNEL DETECTED THIS ISSUE AND, FOR SEVERAL MONTHS, IT TOOK INADEQUATE AND UNSUCCESSFUL STEPS TO ACCESS THESE CORRUPTED EMAILS. FINALLY, IT WAS FORCED TO EXECUTE A CONTRACT WITH ITS OLD ARCHIVE PROVIDER TO GRANT ACCESS TO THE EMAILS. THEREFORE, FOR ABOUT NINE MONTHS, LPL DID NOT HAVE ACCESS TO 80 MILLION OF ITS 280 MILLION EMAILS THAT WERE SENT OR RECEIVED. LPL DID NOT REVIEW OR ARCHIVE BLOOMBERG MESSAGES FOR SEVEN YEARS. LPL'S EXECUTIVE OFFICERS LEARNED THAT THE FIRM WAS NOT SUPERVISING OR ARCHIVING BLOOMBERG MESSAGES BUT DID NOT TAKE ADEQUATE STEPS TO ENSURE IT WAS ARCHIVING AND SURVEILLING BLOOMBERG MESSAGES. AS A RESULT, 3.5 MILLION HISTORICAL BLOOMBERG MESSAGES WERE NOT ARCHIVED OR SURVEILED BY THE FIRM. IT TOOK THE FIRM TWO YEARS TO BEGIN REVIEWING THESE BLOOMBERG MESSAGES, A PROCESS THAT HAS YET TO BE COMPLETED. THE FIRM'S FAILURE TO HAVE ACCESS TO AND REVIEW BLOOMBERG MESSAGES COMPROMISED ITS ABILITY TO RESPOND TO REGULATORY REQUESTS FOR CORRESPONDENCE COMPLETELY. IN RESPONSE TO REQUESTS, THE FIRM WOULD ONLY PRODUCE HARD COPY VERSIONS OF BLOOMBERG MESSAGES RETAINED IN THE FIRM'S TRADING FILES BUT HAD NO SYSTEM OR PROCEDURE IN PLACE TO ENSURE ALL MESSAGES WERE PRINTED AND SAVED. [CONTINUED IN COMMENT.]

**Initiated By:** FINRA

**Date Initiated:** 05/21/2013

**Docket/Case Number:** [2012032218001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/21/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED 7.5 MILLION AND REQUIRED WITHIN 30 DAYS OF THE DATE THE AWC IS ACCEPTED, TO DEPOSIT \$1.5 MILLION INTO AN ESCROW ACCOUNT TO ESTABLISH A FUND (THE "FUND") TO MAKE PAYMENTS TO BROKERAGE CUSTOMER CLAIMANTS IN ARBITRATIONS OR LITIGATIONS BROUGHT AGAINST LPL INITIATED ON OR AFTER, OR STILL OPEN AS OF, JANUARY 1, 2007, AND WHICH WERE CLOSED ON OR BEFORE DECEMBER 17, 2012 ("ELIGIBLE CLAIMANTS"). THOSE PAYMENTS SHALL REPRESENT DISCOVERY SANCTIONS FOR LPL'S LIKELY FAILURE TO PRODUCE ALL RESPONSIVE EMAILS IN CERTAIN OF SUCH MATTERS. ANY FUNDS REMAINING IN THE FUND, AFTER PAYMENT OF ALL AMOUNTS TO ELIGIBLE CLAIMANTS, WILL REVERT TO FINRA AS AN ADDITIONAL FINE AMOUNT. IN NO EVENT, SHALL SUCH ADDITIONAL FINE AMOUNT EXCEED \$1.5 MILLION. LPL HAS RETAINED AN EMAIL CONSULTING FIRM TO HELP IT ADDRESS AND REMEDIATE ITS EMAIL RETENTION AND REVIEW DEFICIENCIES. WITHIN 60 DAYS OF THE DATE THIS AWC IS ACCEPTED, LPL SHALL PROVIDE A REPORT TO FINRA SETTING FORTH ITS REMEDIAL PLAN. WITHIN 180 DAYS OF THE DATE THIS AWC IS ACCEPTED, A PRINCIPAL OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA STAFF THAT THE FIRM HAS ESTABLISHED SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE BOOKS AND RECORDS AND THE SUPERVISION REQUIREMENTS RELATED TO EMAILS, INCLUDING BUT NOT LIMITED TO, THE DEFICIENCIES IDENTIFIED HEREIN. WITHIN 30 DAYS OF THE DATE THIS AWC IS ACCEPTED, LPL SHALL PROVIDE FINRA STAFF WITH A LIST OF ALL REGULATORY AGENCIES THAT RECEIVED POTENTIALLY INCOMPLETE PRODUCTION OF EMAIL IN RESPONSE TO REQUESTS OR SUBPOENAS SENT FROM JANUARY 1, 2007 TO DECEMBER 17, 2012. WITHIN 60 DAYS OF THE DATE THIS AWC IS ACCEPTED, A PRINCIPAL OF THE FIRM SHALL CERTIFY IN WRITING TO FINRA STAFF THAT THE FIRM HAS NOTIFIED ALL SUCH REGULATORY AGENCIES OF ITS POTENTIALLY INCOMPLETE EMAIL PRODUCTIONS.</p>
<b>Firm Statement</b>	<p>ALLEGATIONS CONTINUED: THE FIRM DID NOT REVIEW THE EMAILS OF ANY OF ITS REGISTERED EMPLOYEES, SUCH AS HOME OFFICE PERSONNEL, WHO SHOULD HAVE ALSO BEEN SUBJECT TO SUPERVISION IN ADDITION TO ITS INDEPENDENT ADVISORS. THE FIRM ALLOWED ITS REGISTERED REPRESENTATIVES TO SEND EMAILS THROUGH THIRD-</p>



PARTY EMAIL-BASED ADVERTISEMENT PLATFORMS. FIRM PERSONNEL KNEW THAT THE EMAILS TRANSMITTING THESE ADVERTISEMENTS THROUGH THESE PLATFORMS WERE NOT BEING ARCHIVED. THE FIRM ATTEMPTED TO ADDRESS THIS ISSUE BY REQUIRING ITS REPRESENTATIVES TO COPY THEIR OWN LPL EMAIL ADDRESS ON ANY MESSAGES SENT TO CUSTOMERS USING THE ADVERTISING PLATFORMS BUT TOOK INADEQUATE STEPS TO ENSURE THE REPRESENTATIVES WERE COMPLYING WITH THIS REQUIREMENT. THREE DIFFERENT FINANCIAL INSTITUTIONS HAD PROBLEMS TRANSFERRING THEIR EMAILS TO LPL'S SYSTEM. THIS RESULTED IN APPROXIMATELY 700,000 TOTAL EMAILS NOT BEING SUPERVISED BY THE FIRM. LPL'S INADEQUATE SYSTEMS AND PROCEDURES RELATING TO EMAILS CAUSED THE FIRM TO PROVIDE INCOMPLETE RESPONSES TO EMAIL REQUESTS IN CERTAIN REGULATORY INVESTIGATIONS AND EXAMS. THESE SAME SHORTCOMINGS ALSO LIKELY AFFECTED THE FIRM'S ABILITY TO FULLY RESPOND TO ALL REQUESTS FROM CUSTOMERS WITH ARBITRATION CLAIMS AND PRIVATE LITIGANTS. LPL REPORTED ITS DBA EMAIL ISSUE TO FINRA, PURSUANT TO FINRA RULE 4530. FINRA STAFF ASKED FOR ADDITIONAL INFORMATION CONCERNING HOW AND WHEN THE PROBLEM WAS DISCOVERED. LPL RESPONDED TO FINRA'S REQUEST WITH A COVER LETTER AND CHRONOLOGY OF EVENTS CONCERNING THE DISCOVERY OF THE DBA EMAIL ISSUE. THE LETTER AND CHRONOLOGY MADE TWO MATERIAL MISSTATEMENTS REGARDING WHEN THE FIRM WAS AWARE OF PROBLEMS. FINE PAID ON JUNE 7, 2013.

#### Disclosure 83 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 2320, AND MSRB RULES G-17 AND G-30: 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 COMMISSION OR SERVICE CHARGE) 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. IN CORPORATE BOND TRANSACTIONS, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER



MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM SUBMITTED EVIDENCE THAT IT MADE RESTITUTION TO EACH OF THE AFFECTED CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 05/16/2013

**Docket/Case Number:** [2009020204701](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** CORPORATE BONDS

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

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

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

**Resolution Date:** 05/16/2013

**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 \$60,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$60,000, COMPRISED OF A \$36,000 FINE FOR MSRB RULE G-17 AND G-30 VIOLATIONS, AND A \$24,000 FINE FOR THE FINRA RULE 2010 AND NASD RULE 2320 VIOLATIONS. FINE PAID ON JUNE 6, 2013.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 2320, AND MSRB RULES G-17 AND G-30: 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 COMMISSION OR SERVICE CHARGE) 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. IN CORPORATE BOND TRANSACTIONS, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM SUBMITTED EVIDENCE THAT IT MADE RESTITUTION TO EACH OF THE AFFECTED CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 05/16/2013

**Docket/Case Number:** [2009020204701](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** CORPORATE BONDS

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

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

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

**Resolution Date:** 05/16/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$60,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$60,000, COMPRISED OF A \$36,000 FINE FOR MSRB RULE G-17 AND G-30 VIOLATIONS, AND A \$24,000 FINE FOR THE FINRA RULE 2010 AND NASD RULE 2320 VIOLATIONS.



**Disclosure 84 of 124****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 3010(A)(1) AND (B)(1): THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES CONSISTENT WITH SECTION 5(B)(2) OF THE SECURITIES ACT. DURING THE RELEVANT PERIOD, THE FIRM WAS REQUIRED TO PROVIDE EACH OF ITS CUSTOMERS WHO PURCHASED A MUTUAL FUND A PROSPECTUS FOR THAT FUND NO LATER THAN THREE BUSINESS DAYS AFTER THE TRANSACTION. THE FIRM EXECUTED MILLIONS OF MUTUAL FUND PURCHASE OR EXCHANGE TRANSACTIONS, AND SEVERAL MILLIONS OF THESE TRANSACTIONS REQUIRED THE FIRM TO DELIVER A MUTUAL FUND PROSPECTUS, OR A SUMMARY PROSPECTUS, TO THE PURCHASING CUSTOMER. AS SUCH, DURING THE PERIOD, THE FIRM WAS REQUIRED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO MONITOR AND ENSURE THE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES. THE FIRM RELIED ON ITS REGISTERED REPRESENTATIVES FOR THE DELIVERY OF MUTUAL FUND PROSPECTUSES. EACH REGISTERED REPRESENTATIVE WAS REQUIRED TO OBTAIN THE CUSTOMER'S SIGNATURE ON A PROSPECTUS RECEIPT FORM IN ORDER TO DOCUMENT DELIVERY OF THE PROSPECTUS. HOWEVER, THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM IN PLACE REASONABLY DESIGNED TO ENSURE THAT PROSPECTUS RECEIPTS HAD BEEN OBTAINED IN CONNECTION WITH MUTUAL FUND PURCHASES OR THAT A PROSPECTUS HAD ACTUALLY BEEN DELIVERED TIMELY. SPECIFICALLY, DURING THE PERIOD, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT REQUIRE AN ADEQUATE REVIEW OF ITS REGISTERED REPRESENTATIVES' PERFORMANCE OF THEIR PROSPECTUS DELIVERY OBLIGATIONS. INSTEAD, THE FIRM'S PROCEDURES CONSISTED OF SOME INADEQUATE MEASURES. FOR SOME TIME, THE FIRM WAS AWARE THAT ITS PROCEDURES WERE FAILING TO ENSURE THAT ITS REGISTERED REPRESENTATIVES CONSISTENTLY OBTAINED PROSPECTUS RECEIPTS OR OTHER EVIDENCE OF MUTUAL FUND PROSPECTUS DELIVERY. INDEED, ON AT LEAST TWO OCCASIONS SINCE THAT TIME, THE FIRM CONSIDERED PROPOSALS TO MODIFY ITS PROCEDURES FOR TRACKING PROSPECTUS DELIVERY COMPLIANCE. NEVERTHELESS, THROUGHOUT THE RELEVANT PERIOD, THE FIRM DID NOT MODIFY OR ENHANCE ITS PROCEDURES AND CONTINUED TO RELY UPON REGISTERED REPRESENTATIVES WITHOUT ADEQUATE CONTROLS OR SAFEGUARDS TO ENSURE AND MONITOR MUTUAL FUND PROSPECTUS DELIVERY.





**Initiated By:** FINRA  
**Date Initiated:** 12/31/2012  
**Docket/Case Number:** [2011029101501](#)  
**Principal Product Type:** Mutual Fund(s)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** N/A  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/31/2012  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$400,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$400,000. FINE PAID IN FULL ON 1/15/2013.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FINRA RULE 2010, NASD RULES 3010(A)(1) AND (B)(1): THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES CONSISTENT WITH SECTION 5(B)(2) OF THE SECURITIES ACT. DURING THE RELEVANT PERIOD, THE FIRM WAS REQUIRED TO PROVIDE EACH OF ITS CUSTOMERS WHO PURCHASED A MUTUAL FUND A PROSPECTUS FOR THAT FUND NO LATER THAN THREE BUSINESS DAYS AFTER THE TRANSACTION. THE FIRM EXECUTED MILLIONS OF MUTUAL FUND



PURCHASE OR EXCHANGE TRANSACTIONS, AND SEVERAL MILLIONS OF THESE TRANSACTIONS REQUIRED THE FIRM TO DELIVER A MUTUAL FUND PROSPECTUS, OR A SUMMARY PROSPECTUS, TO THE PURCHASING CUSTOMER. AS SUCH, DURING THE PERIOD, THE FIRM WAS REQUIRED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO MONITOR AND ENSURE THE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES. THE FIRM RELIED ON ITS REGISTERED REPRESENTATIVES FOR THE DELIVERY OF MUTUAL FUND PROSPECTUSES. EACH REGISTERED REPRESENTATIVE WAS REQUIRED TO OBTAIN THE CUSTOMER'S SIGNATURE ON A PROSPECTUS RECEIPT FORM IN ORDER TO DOCUMENT DELIVERY OF THE PROSPECTUS. HOWEVER, THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM IN PLACE REASONABLY DESIGNED TO ENSURE THAT PROSPECTUS RECEIPTS HAD BEEN OBTAINED IN CONNECTION WITH MUTUAL FUND PURCHASES OR THAT A PROSPECTUS HAD ACTUALLY BEEN DELIVERED TIMELY. SPECIFICALLY, DURING THE PERIOD, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT REQUIRE AN ADEQUATE REVIEW OF ITS REGISTERED REPRESENTATIVES' PERFORMANCE OF THEIR PROSPECTUS DELIVERY OBLIGATIONS. INSTEAD, THE FIRM'S PROCEDURES CONSISTED OF SOME INADEQUATE MEASURES. FOR SOME TIME, THE FIRM WAS AWARE THAT ITS PROCEDURES WERE FAILING TO ENSURE THAT ITS REGISTERED REPRESENTATIVES CONSISTENTLY OBTAINED PROSPECTUS RECEIPTS OR OTHER EVIDENCE OF MUTUAL FUND PROSPECTUS DELIVERY. INDEED, ON AT LEAST TWO OCCASIONS SINCE THAT TIME, THE FIRM CONSIDERED PROPOSALS TO MODIFY ITS PROCEDURES FOR TRACKING PROSPECTUS DELIVERY COMPLIANCE. NEVERTHELESS, THROUGHOUT THE RELEVANT PERIOD, THE FIRM DID NOT MODIFY OR ENHANCE ITS PROCEDURES AND CONTINUED TO RELY UPON REGISTERED REPRESENTATIVES WITHOUT ADEQUATE CONTROLS OR SAFEGUARDS TO ENSURE AND MONITOR MUTUAL FUND PROSPECTUS DELIVERY.

**Initiated By:** FINRA

**Date Initiated:** 12/31/2012

**Docket/Case Number:** [2011029101501](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

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



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

**Resolution Date:** 12/31/2012

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$400,000.

#### Disclosure 85 of 124

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE COMMISSIONER ALLEGES THAT LPL FINANCIAL VIOLATED MONT. CODE ANN. 30-10-201(13)(K) BY FAILING TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE.

**Initiated By:** MONTANA COMMISSIONER OF SECURITIES AND INSURANCE

**Date Initiated:** 11/04/2012

**Docket/Case Number:** SEC-2012-144

**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:** RESTITUTION

**Resolution:** Order

**Resolution Date:** 11/04/2012

**Sanctions Ordered:** Monetary/Fine \$10,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** \$20,500.00 RESTITUTION

**Sanction Details:** WITHOUT ADMITTING OR DENYING ANY OF THE COMMISSIONER'S ALLEGATIONS, LPL STIPULATED AND AGREED TO A \$10,000.00 FINE; \$20,500.00 RESTITUTION; AND REQUIRE THE REPRESENTATIVE TO PROVIDE A DISCLOSURE DOCUMENT TO PROSPECTIVE CLIENTS.



## Disclosure 86 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL VIOLATED MASSACHUSETTS AND PROSPECTUS REQUIREMENTS IN ADDITION TO FAILURE TO SUPERVISE AND TRAIN AGENTS IN CONNECTION WITH THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	12/12/2012
<b>Docket/Case Number:</b>	2012-0036
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REAL ESTATE INVESTMENT TRUST
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/06/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$500,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	RESTITUTION TO LPL INVESTORS MEETING CONSENT ORDER CRITERIA
<b>Sanction Details:</b>	\$500,000.00 FINE AND RESTITUTION TO INVESTORS MEETING CONSENT ORDER CRITERIA

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LPL VIOLATED MASSACHUSETTS AND PROSPECTUS REQUIREMENTS IN ADDITION TO FAILURE TO SUPERVISE AND TRAIN AGENTS IN CONNECTION WITH THE SALE OF NON-TRADED REITS.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION



**Date Initiated:** 12/12/2012  
**Docket/Case Number:** 2012-0036  
**Principal Product Type:** Other  
**Other Product Type(s):** NON-TRADED REAL ESTATE INVESTMENT TRUST  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Order  
**Resolution Date:** 02/06/2013  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$500,000.00  
 Disgorgement/Restitution  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** RESTITUTION TO LPL INVESTORS MEETING CONSENT ORDER CRITERIA  
**Sanction Details:** \$500,000.00 FINE AND RESTITUTION TO INVESTORS MEETING CONSENT ORDER CRITERIA

#### Disclosure 87 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** FINRA RULES 2010, 6730, MSRB RULES G-8, G-14 - LPL FINANCIAL LLC FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO REPORT THE CORRECT TRADE TIME TO THE RTRS FOR THESE TRANSACTIONS. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010.



**Initiated By:** FINRA  
**Date Initiated:** 06/26/2012  
**Docket/Case Number:** [2010024975401](#)  
**Principal Product Type:** Debt - Municipal  
**Other Product Type(s):** TRACE-ELIGIBLE AGENCY DEBT SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 06/26/2012  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$17,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$17,500, OF WHICH \$12,500 IS FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON JULY 24, 2012.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FINRA RULES 2010, 6730, MSRB RULES G-8, G-14 - LPL FINANCIAL LLC FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO REPORT THE CORRECT TRADE TIME TO THE RTRS FOR THESE



TRANSACTIONS. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010.

**Initiated By:** FINRA

**Date Initiated:** 06/26/2012

**Docket/Case Number:** [2010024975401](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** TRACE-ELIGIBLE AGENCY DEBT SECURITIES

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

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

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

**Resolution Date:** 06/26/2012

**Sanctions Ordered:** Censure  
Monetary/Fine \$17,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$17,500, OF WHICH \$12,500 IS FOR MSRB RULE VIOLATIONS.

#### Disclosure 88 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** RESPONDENT LPL FINANCIAL,LLC WAS SUBJECT TO SANCTIONS UNDER SECTIONS 8.E(1)(E)(I) AND 8.E(1)(E)(IV) OF THE ILLINOIS SECURITIES LAW OF 1953 BECAUSE IT FAILED TO REASONABLY SUPERVISE ARTHUR LIN WHILE HE WAS A REGISTERED REPRESENTATIVE OF THE COMPANY. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT LPL FINANCIAL, LLC CONSENTED TO THE RESOLUTION OF THIS CASE.



**Initiated By:** ILLINOIS  
**Date Initiated:** 10/24/2011  
**Docket/Case Number:** 1000096  
**URL for Regulatory Action:**  
**Principal Product Type:** Other  
**Other Product Type(s):** PROMISSORY NOTE  
**Principal Sanction(s)/Relief Sought:** Restitution  
**Other Sanction(s)/Relief Sought:** MONETARY PENALTY OTHER THAN FINES  
**Resolution:** Order  
**Resolution Date:** 10/24/2011  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Monetary/Fine \$250,000.00  
**Other Sanctions Ordered:** RESTITUTION TOTAL AMOUNT: APPROX. \$1,885,000.00  
 DATE PAID BY THE SUBJECT: 10/26/2011  
**Sanction Details:** MONETARY PENALTY OTHER THAN FINES TOTAL AMOUNT: \$250,000  
 RESTITUTION TOTAL AMOUNT: APPROX. \$1,885,000.00  
 DATE PAID BY THE SUBJECT: 10/26/2011  
**Regulator Statement** FOR MORE INFORMATION, CONTACT ENFORCEMENT ATTORNEY JAMES GLEFFE AT(312)793-3384

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** RESPONDENT LPL FINANCIAL LLC WAS SUBJECT TO SANCTIONS UNDER SECTIONS 8.E(1)(E)(I) AND 8.E(1)(E)(IV) OF THE ILLINOIS SECURITIES LAW OF 1953 BECAUSE IT FAILED TO REASONABLY SUPERVISE ARTHUR LIN WHILE HE WAS A REGISTERED REPRESENTATIVE OF THE COMPANY. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT LPL





FINANCIAL LLC CONSENTED TO THE RESOLUTION OF THIS CASE.

**Initiated By:** ILLINOIS

**Date Initiated:** 10/24/2011

**Docket/Case Number:** 1000096

**Principal Product Type:** Other

**Other Product Type(s):** PROMISSORY NOTE

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

**Other Sanction(s)/Relief Sought:** MONETARY PENALTY OTHER THAN FINES

**Resolution:** Order

**Resolution Date:** 10/24/2011

**Sanctions Ordered:** Monetary/Fine \$250,000.00

**Other Sanctions Ordered:** RESTITUTION TOTAL AMOUNT: APPROX. \$1,885,000.00 DATE PAID BY THE SUBJECT: 10/26/2011

**Sanction Details:** MONETARY PENALTY OTHER THAN FINES TOTAL AMOUNT: \$250,000  
RESTITUTION TOTAL AMOUNT: APPROX. \$1,885,000.00 DATE PAID BY THE SUBJECT: 10/26/2011

**Firm Statement** FOR MORE INFORMATION, CONTACT ENFORCEMENT ATTORNEY JAMES GLEFFE AT(312)793-3384

#### Disclosure 89 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** LPL FINANCIAL LLC (RESPONDENT) DOES NOT ADMIT OR DENY THE ALLEGATIONS OF THE PENNSYLVANIA SECURITIES COMMISSION THAT THE RESPONDENT FAILED TO PROPERLY SUPERVISE AT LEAST TWO REGISTERED REPRESENTATIVES IN VIOLATION OF THE PROVISIONS OF THE PA SECURITIES ACT OF 1972.

**Initiated By:** PENNSYLVANIA CONTACT: COUNSEL STEFANIE Z. HAMILTON (215)-560-2088

**Date Initiated:** 12/06/2011

**Docket/Case Number:** 2009-10-06

**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:** LPL FINANCIAL LLC IS ORDERED TO PAY A \$400,000.00 ADMINISTRATIVE ASSESSMENT WITHIN 30 DAYS FROM THE DATE OF THIS ORDER.**Resolution:** Settled**Resolution Date:** 12/06/2011**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Monetary/Fine \$400,000.00**Other Sanctions Ordered:****Sanction Details:** LPL FINANCIAL LLC IS ORDERED TO PAY A \$400,000.00 ADMINISTRATIVE ASSESSMENT WITHIN 30 DAYS FROM THE DATE OF THIS ORDER. LPL FINANCIAL LLC IS ORDERED TO PAY \$59,092.52 IN INVESTIGATIVE AND LEGAL COSTS WITHIN 30 DAYS FROM THE DATE OF THIS ORDER.**Regulator Statement** FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO LPL FINANCIAL LLC.**Reporting Source:** Firm**Current Status:** Final**Allegations:** LPL FINANCIAL LLC (RESPONDENT) DOES NOT ADMIT OR DENY THE ALLEGATIONS OF THE PENNSYLVANIA SECURITIES COMMISSION THAT THE RESPONDENT FAILED TO PROPERLY SUPERVISE AT LEAST TWO REGISTERED REPRESENTATIVES IN VIOLATION OF THE PROVISIONS OF THE PA SECURITIES ACT OF 1972.**Initiated By:** PENNSYLVANIA CONTACT: COUNSEL STEFANIE Z. HAMILTON (215)-560-2088**Date Initiated:** 12/06/2011**Docket/Case Number:** 2009-10-06**Principal Product Type:** No Product



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	LPL FINANCIAL LLC IS ORDERED TO PAY A \$400,000.00 ADMINISTRATIVE ASSESSMENT WITHIN 30 DAYS FROM THE DATE OF THIS ORDER.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	12/06/2011
<b>Sanctions Ordered:</b>	Monetary/Fine \$400,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	LPL FINANCIAL LLC IS ORDERED TO PAY A \$400,000.00 ADMINISTRATIVE ASSESSMENT WITHIN 30 DAYS FROM THE DATE OF THIS ORDER. LPL FINANCIAL LLC IS ORDERED TO PAY \$59,092.52 IN INVESTIGATIVE AND LEGAL COSTS WITHIN 30 DAYS FROM THE DATE OF THIS ORDER.
<b>Firm Statement</b>	FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO LPL FINANCIAL LLC.

#### Disclosure 90 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FIRM FAILED TO DILIGENTLY SUPERVISE SECURITIES ACTIVITIES OF OSJ BRANCH MANGER; FIRM FAILED TO CONDUCT EFFECTIVE EXAMINATION OF OSJ OFFICE ON PERIODIC BASIS TO ENSURE COMPLIANCE WITH POLICIES AND PROCEDURES.
<b>Initiated By:</b>	OREGON DIVISION OF FINANCE AND CORPORATE SECURITIES
<b>Date Initiated:</b>	11/08/2011
<b>Docket/Case Number:</b>	S-07-0001-2
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL PENALTY



**Resolution:** Other

**Resolution Date:** 11/08/2011

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

**Sanctions Ordered:** Monetary/Fine \$100,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** FIRM WAS ORDERED TO CEASE AND DESIST FROM VIOLATING OREGON LAW, AND FINED \$100,000.00

**Regulator Statement** OSJ BRANCH MANAGER SOLD GENERAL PARTNERSHIP UNITS TO SENIOR CITIZEN CLIENT BASE. FIRM APPROVED UNSUITABLE TRANSACTIONS, AND FAILED TO CONDUCT EFFECTIVE ANNUAL EXAMINATIONS OF BRANCH MANAGER'S PRACTICE.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FIRM FAILED TO DILIGENTLY SUPERVISE SECURITIES ACTIVITIES OF OSJ BRANCH MANGER; FIRM FAILED TO CONDUCT EFFECTIVE EXAMINATION OF OSJ OFFICE ON PERIODIC BASIS TO ENSURE COMPLIANCE WITH POLICIES AND PROCEDURES.

**Initiated By:** OREGON DIVISION OF FINANCE AND CORPORATE SECURITIES

**Date Initiated:** 11/08/2011

**Docket/Case Number:** S-07-0001-2

**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:** Other

**Resolution Date:** 11/08/2011



<b>Sanctions Ordered:</b>	Monetary/Fine \$100,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	FIRM WAS ORDERED TO CEASE AND DESIST FROM VIOLATING OREGON LAW, AND FINED \$100,000.00
<b>Firm Statement</b>	OSJ BRANCH MANAGER SOLD GENERAL PARTNERSHIP UNITS TO SENIOR CITIZEN CLIENT BASE. FIRM APPROVED UNSUITABLE TRANSACTIONS, AND FAILED TO CONDUCT EFFECTIVE ANNUAL EXAMINATIONS OF BRANCH MANAGER'S PRACTICE.

#### Disclosure 91 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULES 2010, 6730, NASD RULES 2110, 3010, 6230, 6955(A) - LPL FINANCIAL LLC TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE ACCOUNT TYPE CODES. THE FIRM INACCURATELY TRANSMITTED EXECUTION REPORTS OR COMBINED ORDER/EXECUTION REPORTS TO OATS IT WAS NOT REQUIRED TO SUBMIT. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, AND NASD AND FINRA RULES CONCERNING THE REPORTING OF TRANSACTIONS TO TRACE.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	07/26/2011
<b>Docket/Case Number:</b>	<a href="#">2008012537201</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	TRACE-ELIGIBLE SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/26/2011



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

**Sanctions Ordered:** Censure  
Monetary/Fine \$22,500.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING REPORTING OF TRANSACTIONS TO TRACE WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULES 2010, 6730, NASD RULES 2110, 3010, 6230, 6955(A) - LPL FINANCIAL LLC TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE ACCOUNT TYPE CODES. THE FIRM INACCURATELY TRANSMITTED EXECUTION REPORTS OR COMBINED ORDER/EXECUTION REPORTS TO OATS IT WAS NOT REQUIRED TO SUBMIT. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, AND NASD AND FINRA RULES CONCERNING THE REPORTING OF TRANSACTIONS TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 07/26/2011

**Docket/Case Number:** [2008012537201](#)

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES

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


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

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

**Resolution Date:** 07/26/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$22,500.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING REPORTING OF TRANSACTIONS TO TRACE WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Disclosure 92 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010(B): FROM MARCH 2005 THROUGH MARCH 2010 TWO OF THE FIRM'S REPRESENTATIVES CONDUCTED LIVE CALL-IN FINANCE AND INVESTMENT RELATED RADIO SHOWS; ALTHOUGH THE FIRM'S PROCEDURES CALLED FOR QUARTERLY REVIEWS, THE FIRM FAILED TO REVIEW THE BROADCASTS. A REPRESENTATIVE OF THE FIRM SUBMITTED A WRITTEN REQUEST TO CONDUCT A LIVE CALL-IN FINANCE AND INVESTMENT RELATED RADIO SHOW TO BE BROADCAST IN FARSI. THE FIRM HAD VARIOUS WRITTEN PROCEDURES RELATING TO THE SUPERVISION OF PUBLIC APPEARANCES BY ITS REPRESENTATIVES, WHICH AMONG OTHER THINGS, REQUIRED THAT THE FIRST THREE RADIO SHOWS BE SUBMITTED TO THE FIRM'S ADVERTISING COMPLIANCE DEPARTMENT AS SOON AS THEY HAD AIRED; THE PROCEDURES ALSO PROVIDED THAT THE ADVERTISING COMPLIANCE DEPARTMENT WOULD CONTACT REPRESENTATIVES QUARTERLY TO REQUEST COPIES OF SPECIFIC SHOWS DURING A RANDOMLY CHOSEN DATE RANGE FOR REVIEW. THE FIRM APPROVED THE REPRESENTATIVE'S REQUEST. THE FIRM'S APPROVAL SPECIFIED "PER OUR CONVERSATION YOU WILL PROVIDE A TRANSLATED COPY OF YOUR SHOW UPON OUR QUARTERLY REQUEST; THE TRANSLATION WILL BE COMPLETED BY AN UNAFFILIATED 3RD PARTY TRANSLATION COMPANY." THE REPRESENTATIVE TOGETHER WITH ANOTHER REPRESENTATIVE OF THE FIRM AIRED APPROXIMATELY 520 SHOWS ON A PARTICULAR RADIO STATION; THE FORMAT WAS TYPICALLY A LIVE CALL-IN SHOW, IN FARSI,



DISCUSSING FINANCIAL ISSUES AND INVESTMENTS. THE FIRM FAILED TO REQUEST OR REVIEW COPIES OR TRANSCRIPTS OF THE BROADCASTS.

**Initiated By:** FINRA

**Date Initiated:** 06/08/2011

**Docket/Case Number:** [2010021545201](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/08/2011

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$25,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010(B): FROM MARCH 2005 THROUGH MARCH 2010 TWO OF THE FIRM'S REPRESENTATIVES CONDUCTED LIVE CALL-IN FINANCE AND INVESTMENT RELATED RADIO SHOWS; ALTHOUGH THE FIRM'S PROCEDURES CALLED FOR QUARTERLY REVIEWS, THE FIRM FAILED TO REVIEW THE BROADCASTS. A REPRESENTATIVE OF THE FIRM SUBMITTED A WRITTEN REQUEST TO CONDUCT A LIVE CALL-IN FINANCE AND INVESTMENT RELATED RADIO SHOW TO BE BROADCAST IN FARSI. THE FIRM HAD VARIOUS WRITTEN





PROCEDURES RELATING TO THE SUPERVISION OF PUBLIC APPEARANCES BY ITS REPRESENTATIVES, WHICH AMONG OTHER THINGS, REQUIRED THAT THE FIRST THREE RADIO SHOWS BE SUBMITTED TO THE FIRM'S ADVERTISING COMPLIANCE DEPARTMENT AS SOON AS THEY HAD AIRED; THE PROCEDURES ALSO PROVIDED THAT THE ADVERTISING COMPLIANCE DEPARTMENT WOULD CONTACT REPRESENTATIVES QUARTERLY TO REQUEST COPIES OF SPECIFIC SHOWS DURING A RANDOMLY CHOSEN DATE RANGE FOR REVIEW. THE FIRM APPROVED THE REPRESENTATIVE'S REQUEST. THE FIRM'S APPROVAL SPECIFIED "PER OUR CONVERSATION YOU WILL PROVIDE A TRANSLATED COPY OF YOUR SHOW UPON OUR QUARTERLY REQUEST; THE TRANSLATION WILL BE COMPLETED BY AN UNAFFILIATED 3RD PARTY TRANSLATION COMPANY." THE REPRESENTATIVE TOGETHER WITH ANOTHER REPRESENTATIVE OF THE FIRM AIRED APPROXIMATELY 520 SHOWS ON A PARTICULAR RADIO STATION; THE FORMAT WAS TYPICALLY A LIVE CALL-IN SHOW, IN FARSI, DISCUSSING FINANCIAL ISSUES AND INVESTMENTS. THE FIRM FAILED TO REQUEST OR REVIEW COPIES OR TRANSCRIPTS OF THE BROADCASTS.

**Initiated By:** FINRA

**Date Initiated:** 06/08/2011

**Docket/Case Number:** [2010021545201](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/08/2011

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$25,000.

#### Disclosure 93 of 124

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010: THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REQUIRED THAT DESIGNATED PRINCIPALS AND OFFICE OF SUPERVISORY JURISDICTION (OSJ) MANAGERS PERFORM A DAILY REVIEW OF THE ELECTRONIC BUSINESS COMMUNICATIONS OF ALL LICENSED AND/OR REGISTERED PERSONNEL UNDER THEIR SUPERVISION. TO HELP THEM PERFORM THIS FUNCTION, THE FIRM UTILIZED AN AUTOMATED SUPERVISORY SYSTEM, THE OSJ REVIEW TOOL (ORT), WHICH SELECTED FOR REVIEW FIVE PERCENT OF EACH DAY'S INCOMING AND OUTGOING ELECTRONIC COMMUNICATIONS UTILIZING KEY WORDS AND RANDOM SELECTION. SUPERVISORS WERE REQUIRED TO REVIEW ALL OF THE E-MAILS SELECTED BY THE ORT. THE FIRM FAILED TO ENFORCE ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW OF ELECTRONIC COMMUNICATIONS IN CERTAIN BRANCH LOCATIONS AS FOLLOWS: 1. APPROXIMATELY THREE MILLION E-MAILS TRANSMITTED AND RECEIVED BY 150 FIRM FINANCIAL ADVISORS FROM 769 BANK BRANCH LOCATIONS RELATED TO ONE BANK PROGRAM WERE NOT PROCESSED THROUGH THE ORT DUE TO A TECHNOLOGY PROBLEM CONCERNING THE INTERFACE BETWEEN ONE BANK PROGRAM'S E-MAIL SYSTEM AND THE FIRM'S ORT. THEREFORE, THOSE E-MAILS WERE NOT SUBJECT TO SUPERVISORY REVIEW BY FIRM MANAGERS AND PRINCIPALS; AND 2. THE FIRM'S ORT FLAGGED FOR SUPERVISORY REVIEW APPROXIMATELY 1,794 E-MAILS TRANSMITTED AND RECEIVED BY FINANCIAL ADVISORS IN A BRANCH OFFICE. NEVERTHELESS, THOSE E-MAILS WERE NEVER REVIEWED BY A BRANCH MANAGER OR PRINCIPAL.

**Initiated By:** FINRA

**Date Initiated:** 01/20/2011

**Docket/Case Number:** [2009016570001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 01/20/2011



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

No

**Sanctions Ordered:**

Censure  
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$100,000.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FINRA RULE 2010, NASD RULES 2110, 3010: THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REQUIRED THAT DESIGNATED PRINCIPALS AND OFFICE OF SUPERVISORY JURISDICTION (OSJ) MANAGERS PERFORM A DAILY REVIEW OF THE ELECTRONIC BUSINESS COMMUNICATIONS OF ALL LICENSED AND/OR REGISTERED PERSONNEL UNDER THEIR SUPERVISION. TO HELP THEM PERFORM THIS FUNCTION, THE FIRM UTILIZED AN AUTOMATED SUPERVISORY SYSTEM, THE OSJ REVIEW TOOL (ORT), WHICH SELECTED FOR REVIEW FIVE PERCENT OF EACH DAY'S INCOMING AND OUTGOING ELECTRONIC COMMUNICATIONS UTILIZING KEY WORDS AND RANDOM SELECTION. SUPERVISORS WERE REQUIRED TO REVIEW ALL OF THE E-MAILS SELECTED BY THE ORT. THE FIRM FAILED TO ENFORCE ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW OF ELECTRONIC COMMUNICATIONS IN CERTAIN BRANCH LOCATIONS AS FOLLOWS: 1. APPROXIMATELY THREE MILLION E-MAILS TRANSMITTED AND RECEIVED BY 150 FIRM FINANCIAL ADVISORS FROM 769 BANK BRANCH LOCATIONS RELATED TO ONE BANK PROGRAM WERE NOT PROCESSED THROUGH THE ORT DUE TO A TECHNOLOGY PROBLEM CONCERNING THE INTERFACE BETWEEN ONE BANK PROGRAM'S E-MAIL SYSTEM AND THE FIRM'S ORT. THEREFORE, THOSE E-MAILS WERE NOT SUBJECT TO SUPERVISORY REVIEW BY FIRM MANAGERS AND PRINCIPALS; AND 2. THE FIRM'S ORT FLAGGED FOR SUPERVISORY REVIEW APPROXIMATELY 1,794 E-MAILS TRANSMITTED AND RECEIVED BY FINANCIAL ADVISORS IN A BRANCH OFFICE. NEVERTHELESS, THOSE E-MAILS WERE NEVER REVIEWED BY A BRANCH MANAGER OR PRINCIPAL.

**Initiated By:**

FINRA



**Date Initiated:** 01/20/2011

**Docket/Case Number:** [2009016570001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 01/20/2011

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$100,000.

#### Disclosure 94 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A), 3012(A)(2)(B)(I): THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, THAT WERE REASONABLY DESIGNED TO REVIEW AND MONITOR ALL TRANSMITTALS OF FUNDS AND SECURITIES FROM THE ACCOUNTS OF CUSTOMERS TO THIRD PARTY ACCOUNTS AND TO ACCOUNTS OF REGISTERED REPRESENTATIVES. THE FIRM'S SUPERVISORY CONTROL PROCEDURES FOR THIRD-PARTY TRANSMITTALS INCLUDE THE USE OF AN "OSJ REVIEW TOOL" ("ORT") TO MONITOR THIRD-PARTY DISBURSEMENTS. HOWEVER, ORT WAS DESIGNED TO IDENTIFY ONLY TRANSMITTALS OF CASH, E.G. IN THE FORM OF CHECKS, AUTOMATED CLEARING HOUSE (ACH) TRANSACTIONS, OR WIRE TRANSFERS TO THIRD PARTIES. THUS, THE FIRM'S CONTROL PROCEDURES FOR REVIEW OF THIRD-PARTY TRANSMITTALS USING ORT ONLY ADDRESS THE REVIEW OF THIRD-PARTY CASH TRANSMITTALS IN THE FORM OF CHECKS, ACH TRANSACTIONS, OR WIRE TRANSFERS. THE FIRM'S CONTROL PROCEDURES FOR REVIEW USING ORT DID NOT ADDRESS JOURNALS BETWEEN ACCOUNTS. A



REGISTERED REPRESENTATIVE OF THE FIRM EXPLOITED THIS FAILURE AND JOURNALED \$40,000 IN CASH AS WELL AS SECURITIES OUT OF CUSTOMERS' ACCOUNTS TO HIS PERSONAL ACCOUNT AND CONVERTED THE CASH AND PROCEEDS FROM THE SALE OF THE JOURNALED SECURITIES IN THE AGGREGATE AMOUNT OF OVER \$1.0 MILLION. ADDITIONALLY, THE FIRM'S PROCEDURES FURTHER REQUIRED THAT ANY JOURNAL THAT RESULTS IN ASSETS BEING JOURNALED INTO A REGISTERED REPRESENTATIVE'S PERSONAL ACCOUNT MUST BE SUBMITTED TO A SUPERVISOR FOR APPROVAL. THE FIRM FAILED TO DOCUMENT ANY APPROVALS OF THE SUBJECT JOURNALS OR DOCUMENT THAT THE REQUESTS WERE ESCALATED TO A SUPERVISOR FOR FURTHER REVIEW. FURTHERMORE, WHILE THE FIRM'S PROCEDURES REQUIRE THAT THE FIRM SEND A WRITTEN CONFIRMATION TO THE CUSTOMER'S ADDRESS OF RECORD IN CONJUNCTION WITH ALL THIRD PARTY JOURNALS, THE FIRM FAILED TO SEND WRITTEN CONFIRMATIONS IN CONJUNCTION WITH SEVEN THIRD PARTY JOURNALS.

**Initiated By:** FINRA

**Date Initiated:** 01/20/2011

**Docket/Case Number:** [2009016922702](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

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

**Resolution Date:** 01/20/2011

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS,



THEREFORE THE FIRM IS CENSURED AND FINED \$100,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A), 3012(A)(2)(B)(I): THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, THAT WERE REASONABLY DESIGNED TO REVIEW AND MONITOR ALL TRANSMITTALS OF FUNDS AND SECURITIES FROM THE ACCOUNTS OF CUSTOMERS TO THIRD PARTY ACCOUNTS AND TO ACCOUNTS OF REGISTERED REPRESENTATIVES. THE FIRM'S SUPERVISORY CONTROL PROCEDURES FOR THIRD-PARTY TRANSMITTALS INCLUDE THE USE OF AN "OSJ REVIEW TOOL" ("ORT") TO MONITOR THIRD-PARTY DISBURSEMENTS. HOWEVER, ORT WAS DESIGNED TO IDENTIFY ONLY TRANSMITTALS OF CASH, E.G. IN THE FORM OF CHECKS, AUTOMATED CLEARING HOUSE (ACH) TRANSACTIONS, OR WIRE TRANSFERS TO THIRD PARTIES. THUS, THE FIRM'S CONTROL PROCEDURES FOR REVIEW OF THIRD-PARTY TRANSMITTALS USING ORT ONLY ADDRESS THE REVIEW OF THIRD-PARTY CASH TRANSMITTALS IN THE FORM OF CHECKS, ACH TRANSACTIONS, OR WIRE TRANSFERS. THE FIRM'S CONTROL PROCEDURES FOR REVIEW USING ORT DID NOT ADDRESS JOURNALS BETWEEN ACCOUNTS. A REGISTERED REPRESENTATIVE OF THE FIRM EXPLOITED THIS FAILURE AND JOURNALED \$40,000 IN CASH AS WELL AS SECURITIES OUT OF CUSTOMERS' ACCOUNTS OF HIS PERSONAL ACCOUNT AND CONVERTED THE CASH AND PROCEEDS FROM THE SALE OF THE JOURNALED SECURITIES IN THE AGGREGATE AMOUNT OF OVER \$1.0 MILLION. ADDITIONALLY, THE FIRM'S PROCEDURES FURTHER REQUIRED THAT ANY JOURNAL THAT RESULTS IN ASSETS BEING JOURNALED INTO A REGISTERED REPRESENTATIVE'S PERSONAL ACCOUNT MUST BE SUBMITTED TO A SUPERVISOR FOR APPROVAL. THE FIRM FAILED TO DOCUMENT ANY APPROVALS OF THE SUBJECT JOURNALS OR DOCUMENT THAT THE REQUESTS WERE ESCALATED TO A SUPERVISOR FOR FURTHER REVIEW. FURTHERMORE, WHILE THE FIRM'S PROCEDURES REQUIRE THAT THE FIRM SEND A WRITTEN CONFIRMATION TO THE CUSTOMER'S ADDRESS OF RECORD IN CONJUNCTION WITH ALL THIRD PARTY JOURNALS, THE FIRM FAILED TO SEND WRITTEN CONFIRMATIONS IN CONJUNCTION WITH SEVEN THIRD PARTY JOURNALS.

**Initiated By:** FINRA

**Date Initiated:** 01/20/2011

**Docket/Case Number:** [2009016922702](#)



**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** N/A  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 01/20/2011  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$100,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$100,000.

#### Disclosure 95 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULES 2110, 2320 - LPL FINANCIAL CORPORATION, IN TRANSACTIONS FOR OR WITH A CUSTOMER, FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.  
**Initiated By:** FINRA  
**Date Initiated:** 01/06/2011  
**Docket/Case Number:** [2007011340401](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 01/06/2011

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2320 - LPL FINANCIAL CORPORATION, IN TRANSACTIONS FOR OR WITH A CUSTOMER, FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

**Initiated By:** FINRA

**Date Initiated:** 01/06/2011

**Docket/Case Number:** [2007011340401](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

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

**Resolution Date:** 01/06/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00



**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000.

**Disclosure 96 of 124****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

FINRA RULE 2010, NASD RULES 2110, 3010: ON DECEMBER 4, 2006, THE FIRM ENTERED INTO AN AWC RELATING TO ITS FAILURE TO REASONABLY SUPERVISE ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM HAD INADEQUATE AUTOMATED SYSTEMS AND WRITTEN PROCEDURES FOR VARIABLE ANNUITY EXCHANGES REPORTED ON THE ELECTRONIC BRANCH TRADE REPORT SYSTEM ("EBTR"). AT THE TIME THE FIRM ENTERED INTO THE AWC, THE FIRM WAS IN THE PROCESS OF UPGRADING ITS CENTRALIZED ONLINE ORDER-ENTRY SYSTEM TO SWITCH FROM THE EBTR TO THE ANNUITY ORDER ENTRY SYSTEM (AOE) SYSTEM IN ORDER TO ENHANCE THE FIRM'S OVERALL REVIEW OF VARIABLE ANNUITY EXCHANGE TRANSACTIONS. ACCORDINGLY, AS PART OF THE AWC, FINRA REQUIRED THAT THE FIRM RETAIN AN INDEPENDENT CONSULTANT TO REVIEW AND MAKE RECOMMENDATIONS REGARDING THE AOE SYSTEM AND THE FIRM'S PROCEDURES TO REASONABLY ENSURE THAT THE FIRM WAS IN COMPLIANCE WITH FEDERAL SECURITIES LAWS AND NASD RULES RELATING TO THE EXCHANGE OF VARIABLE ANNUITIES. IN MAY 2008, THE FIRM ATTESTED TO FINRA THAT IT HAD IMPLEMENTED THE ROLLOUT OF THE NEW AOE SYSTEM. WHEN THE ROLLOUT WAS COMPLETED, THE FIRM AMENDED ITS WRITTEN SUPERVISORY PROCEDURES TO MAKE THE USE OF THE AOE SYSTEM MANDATORY, WITH MINOR EXCEPTIONS, FOR ALL REGISTERED REPRESENTATIVES WHO ENGAGED IN VARIABLE ANNUITY EXCHANGE TRANSACTIONS AS OF OCTOBER 15, 2008. DESPITE THE ROLLOUT OF THE AOE SYSTEM AND THE FIRM'S ATTESTATION TO FINRA, THE FIRM FAILED TO ENFORCE THE MANDATORY USAGE OF THE AOE SYSTEM UNTIL OCTOBER 2009. AS A RESULT, DURING THE PERIOD OF OCTOBER 2008 UNTIL OCTOBER 2009, THE FIRM REGISTERED REPRESENTATIVES ENTERED ORDERS FOR APPROXIMATELY 15% OF THE FIRM'S VARIABLE ANNUITY EXCHANGE TRANSACTIONS USING THE EBTR SYSTEM INSTEAD OF THE AOE SYSTEM. THEREFORE, BY FAILING TO ENFORCE THE MANDATORY USE OF THE AOE SYSTEM FROM OCTOBER 2008 UNTIL OCTOBER 2009, THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO VARIABLE ANNUITY EXCHANGE TRANSACTIONS.

**Initiated By:**

FINRA



**Date Initiated:** 12/22/2010

**Docket/Case Number:** [2009017682701](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/22/2010

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$175,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$175,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010: ON DECEMBER 4, 2006, THE FIRM ENTERED INTO AN AWC RELATING TO ITS FAILURE TO REASONABLY SUPERVISE ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM HAD INADEQUATE AUTOMATED SYSTEMS AND WRITTEN PROCEDURES FOR VARIABLE ANNUITY EXCHANGES REPORTED ON THE ELECTRONIC BRANCH TRADE REPORT SYSTEM ("EBTR"). AT THE TIME THE FIRM ENTERED INTO THE AWC, THE FIRM WAS IN THE PROCESS OF UPGRADING ITS CENTRALIZED ONLINE ORDER-ENTRY SYSTEM TO SWITCH FROM THE EBTR TO THE ANNUITY ORDER ENTRY SYSTEM (AOE) SYSTEM IN ORDER TO ENHANCE THE FIRM'S OVERALL REVIEW OF VARIABLE ANNUITY EXCHANGE TRANSACTIONS. ACCORDINGLY, AS PART OF THE AWC, FINRA REQUIRED THAT THE FIRM RETAIN AN INDEPENDENT CONSULTANT TO



REVIEW AND MAKE RECOMMENDATIONS REGARDING THE AOE SYSTEM AND THE FIRM'S PROCEDURES TO REASONABLY ENSURE THAT THE FIRM WAS IN COMPLIANCE WITH FEDERAL SECURITIES LAWS AND NASD RULES RELATING TO THE EXCHANGE OF VARIABLE ANNUITIES. IN MAY 2008, THE FIRM ATTESTED TO FINRA THAT IT HAD IMPLEMENTED THE ROLLOUT OF THE NEW AOE SYSTEM. WHEN THE ROLLOUT WAS COMPLETED, THE FIRM AMENDED ITS WRITTEN SUPERVISORY PROCEDURES TO MAKE THE USE OF THE AOE SYSTEM MANDATORY, WITH MINOR EXCEPTIONS, FOR ALL REGISTERED REPRESENTATIVES WHO ENGAGED IN VARIABLE ANNUITY EXCHANGE TRANSACTIONS AS OF OCTOBER 15, 2008. DESPITE THE ROLLOUT OF THE AOE SYSTEM AND THE FIRM'S ATTESTATION TO FINRA, THE FIRM FAILED TO ENFORCE THE MANDATORY USAGE OF THE AOE SYSTEM UNTIL OCTOBER 2009. AS A RESULT, DURING THE PERIOD OF OCTOBER 2008 UNTIL OCTOBER 2009, THE FIRM'S REGISTERED REPRESENTATIVES ENTERED ORDERS FOR APPROXIMATELY 15% OF THE FIRM'S VARIABLE ANNUITY EXCHANGE TRANSACTIONS USING THE EBTR SYSTEM INSTEAD OF THE AOE SYSTEM. THEREFORE, BY FAILING TO ENFORCE THE MANDATORY USE OF THE AOE SYSTEM FROM OCTOBER 2008 UNTIL OCTOBER 2009, THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO VARIABLE ANNUITY EXCHANGE TRANSACTIONS

**Initiated By:** FINRA

**Date Initiated:** 12/22/2010

**Docket/Case Number:** [2009017682701](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/22/2010

**Sanctions Ordered:** Censure  
Monetary/Fine \$175,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$175,000.



## Disclosure 97 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ENFORCEMENT SECTION OF THE MISSOURI SECURITIES DIVISION HAS ALLEGED THAT RESPONDENT LPL CORP. FAILED TO REASONABLY SUPERVISE A MISSOURI-REGISTERED AGENT.
<b>Initiated By:</b>	MISSOURI
<b>Date Initiated:</b>	08/11/2010
<b>Docket/Case Number:</b>	AP-10-16
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/11/2010
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$37,540.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT'S REGISTRATION IS HEREBY CENSURED. RESPONDENT IS ORDERED TO PAY THE SUM OF \$25,000. RESPONDENT IS ORDERED TO PAY \$10,000 IN RESTITUTION AND INTEREST. RESPONDENT IS ORDERED TO PAY \$2,540 AS RESPONDENT'S SHARE OF THE COST OF THIS INVESTIGATION. RESPONDENT SHALL PAY ITS OWN COSTS AND ATTORNEYS FEES WITH RESPECT TO THIS MATTER.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	MATTER INVOLVED SALE OF VARIABLE ANNUITY CONTRACT IN APRIL 2000 IN WHICH LPL REPRESENTATIVE ALLEGEDLY MISUNDERSTOOD HOW THE LIVING BENEFIT INCOME RIDER WOULD OPERATE DURING A DECLINING MARKET. ORDER ALSO NOTED THAT, SINCE THE TRANSACTION IN APRIL 2000, LPL HAS MADE NUMEROUS CHANGES TO ITS TRAINING AND SUPERVISION OF VARIABLE ANNUITY TRANSACTIONS.
<b>Initiated By:</b>	MISSOURI
<b>Date Initiated:</b>	08/11/2010
<b>Docket/Case Number:</b>	AP-10-16
<b>Principal Product Type:</b>	Annuity(ies) - Variable
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CONSENT
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/11/2010
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$37,540.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT'S REGISTRATION IS HEREBY CENSURED. RESPONDENT IS ORDERED TO PAY THE SUM OF \$25,000. RESPONDENT IS ORDERED TO PAY \$10,000 IN RESTITUTION AND INTEREST. RESPONDENT IS ORDERED TO PAY \$2,540 AS RESPONDENT'S SHARE OF THE COST OF THIS INVESTIGATION. RESPONDENT SHALL PAY ITS OWN COSTS AND ATTORNEYS FEES WITH RESPECT TO THIS MATTER.
<b>Firm Statement</b>	ALL TERMS OF THE ORDER HAVE BEEN COMPLIED WITH AND PAYMENT IN FULL FORWARDED ON AUGUST 4, 2010. MATTER HAS BEEN CONCLUDE

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**Disclosure 98 of 124**

<b>Reporting Source:</b>	Regulator
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**Current Status:** Final

**Allegations:** RESPONDENT LPL FINANCIAL CORPORATION WAS SUBJECT TO SANCTIONS UNDER SECTIONS 8.E(1)(E)(I) AND 8.E(1)(E)(IV) OF THE ILLINOIS SECURITIES LAW OF 1953 BECAUSE IT FAILED TO REASONABLY SUPERVISE STEPHEN WALKER WHILE HE WAS A REGISTERED REPRESENTATIVE OF THE COMPANY. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT LPL FINANCIAL CONSENTED TO THE RESOLUTION OF THIS CASE.

**Initiated By:** ILLINOIS

**Date Initiated:** 07/12/2010

**Docket/Case Number:** 0800381

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** OIL & GAS

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

**Other Sanction(s)/Relief Sought:** MONETARY PENALTY OTHER THAN FINES

**Resolution:** Stipulation and Consent

**Resolution Date:** 07/12/2010

**Sanctions Ordered:** Monetary/Fine \$167,796.18  
Disgorgement/Restitution

**Other Sanctions Ordered:** MONETARY/FINE 300,000.00

**Sanction Details:** 300,000.00 MUST BE PAID BY 7/22/10

**Regulator Statement** FOR MORE INFORMATION, CONTACT ENFORCEMENT ATTORNEY BERNADETTE COLE OR ENFORCEMENT ATTORNEY JAMES GLEFFE AT (312) 793-3384.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MATTER AROSE OUT OF FORMER REPRESENTATIVE STEPHEN WALKER'S ALLEGED ROLE IN THE SALE OF PARTICIPATIONS IN OIL AND GAS DRILLING PROJECTS BETWEEN OCTOBER 2005 AND DECEMBER 2006. THE INVESTMENTS HAD NOT BEEN PRESENTED TO OR APPROVED BY LPL



FOR SALE TO CUSTOMERS AND LPL WAS NOT AWARE OF WALKER'S ACTIVITIES. THE ORDER ALLEGED THAT LPL HAD SEVERAL OPPORTUNITIES TO DETECT WALKER'S ACTIVITIES DURING THIS PERIOD.

**Initiated By:** ILLINOIS  
**Date Initiated:** 07/12/2010  
**Docket/Case Number:** 0800381  
**Principal Product Type:** Other  
**Other Product Type(s):** OIL AND GAS  
**Principal Sanction(s)/Relief Sought:** Restitution  
**Other Sanction(s)/Relief Sought:** MONETARY PENALTY OTHER THAN FINES  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 07/12/2010  
**Sanctions Ordered:** Monetary/Fine \$300,000.00  
 Disgorgement/Restitution  
**Other Sanctions Ordered:** RESTITUTION \$167,796.18  
**Sanction Details:** THE FINE AND THE RESTITUTION WERE BOTH PAID ON JULY 20, 2010.  
**Firm Statement** THE MATTER HAS BEEN CONCLUDED.

#### Disclosure 99 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** THE FIRM PAID ADVERTISING COMPENSATION TO AN AGENT WHO WAS NOT QUALIFIED AND WAS NOT REGISTERED AS AN INVESTMENT ADVISOR REPRESENTATIVE.  
**Initiated By:** KENTUCKY DIVISION OF SECURITIES  
**Date Initiated:** 12/08/2009  
**Docket/Case Number:** 2010-AH-012  
**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:** 03/10/2010

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

**Sanctions Ordered:** Monetary/Fine \$4,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$4,000 FINE WAS PAID ON MAY 5, 2010.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FIRM PAID ADVISORY COMPENSATION TO AN AGENT WHO WAS NOT QUALIFIED AND WAS NOT REGISTERED AS AN INVESTMENT ADVISOR REPRESENTATIVE.

**Initiated By:** KENTUCKY DIVISION OF SECURITIES

**Date Initiated:** 12/08/2009

**Docket/Case Number:** 2010-AH-012

**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:** 03/10/2010

**Sanctions Ordered:** Monetary/Fine \$4,000.00



**Other Sanctions Ordered:**

**Sanction Details:** \$4000 FINE WAS PAID ON MARCH 5, 2010.

**Firm Statement** LPL HAS REVIEWED THE MATTER AND THE AGENT WAS NOT PROPERLY REGISTERED TO RECEIVE ADVISORY COMPENSATION IN KENTUCKY, BUT HAD BEEN PERMITTED TO DO SO AS A RESULT OF A BOOKKEEPING OR CODING ERROR.

**Disclosure 100 of 124**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE MONTANA SECURITIES DEPARTMENT ALLEGED THAT LPL VIOLATED MONT. CODE ANN. § 30-10-201(13)(K) BY FAILING TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE TO ENSURE THE REGISTERED REPRESENTATIVES COMPLIANCE WITH THE MONTANA SECURITIES ACT.

**Initiated By:** MONTANA OFFICE OF THE STATE AUDITOR, COMMISSIONER OF SECURITIES AND INSURANCE

**Date Initiated:** 09/11/2009

**Docket/Case Number:** CASE NO. SEC-2009-46

**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:**

**Resolution:** Consent

**Resolution Date:** 10/26/2009

**Sanctions Ordered:** Monetary/Fine \$150,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE SINGLE CHARGE OF FAILURE TO SUPERVISE, LPL FINANCIAL CORPORATION AGREED TO PAY RESTITUTION OF \$1,144,416.51 AND A FINE TO THE STATE OF MONTANA OF \$150,000. THE FINE WAS PAID ON OCTOBER 29, 2009 AND THE RESTITUTION WAS PAID ON NOVEMBER 19, 2009.

**Firm Statement**

ON OCTOBER 26, 2009, THE STATE OF MONTANA AND LPL FINANCIAL CORPORATION ENTERED INTO A CONSENT AGREEMENT. ALSO ON OCTOBER 26, 2009, THE MONTANA DEPUTY COMMISSIONER OF SECURITIES EXECUTED A FINAL ORDER, ADOPTING THE CONSENT AGREEMENT. THE FINAL ORDER TERMINATED THIS MATTER.

**Disclosure 101 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** MSRB RULE G-14 - LPL FINANCIAL CORPORATION FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF TRADE TO AN RTRS PORTAL AND FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS INVOLVING AUCTION RATE PRODUCTS BY THE END OF THE RTRS BUSINESS DAY ON WHICH THE TRANSACTIONS WERE EXECUTED.

**Initiated By:** FINRA

**Date Initiated:** 09/04/2009

**Docket/Case Number:** 2008013716201

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 09/04/2009

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

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

MSRB RULE G-14 - LPL FINANCIAL CORPORATION FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF TRADE TO AN RTRS PORTAL AND FAILED TO REPORT INFORMATION ABOUT TRANSACTIONS INVOLVING AUCTION RATE PRODUCTS BY THE END OF THE RTRS BUSINESS DAY ON WHICH THE TRANSACTIONS WERE EXECUTED.

**Initiated By:**

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.

**Date Initiated:**

09/04/2009

**Docket/Case Number:**

2008013716201

**Principal Product Type:**

Debt - Municipal

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

Acceptance, Waiver &amp; Consent(AWC)

**Resolution Date:**

09/04/2009

**Sanctions Ordered:**

Monetary/Fine \$5,000.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

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## Disclosure 102 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO DISCLOSE TO CLIENTS MATERIAL INFORMATION IN CONNECTION WITH THE OFFER, SALE, OR PURCHASE OF SECURITIES BY OMITTING TO INFORM CLIENTS THAT THE SECURITIES PRODUCTS WERE OFFERED THROUGH LPL AND WERE NOT BANK PRODUCTS AND THEREFORE NOT FDIC INSURED. THIS ACTIVITY TOOK PLACE AT CENTRAL PACIFIC INVESTMENT SERVICES BRANCH OFFICE IN KAHULUI, MAUI.
<b>Initiated By:</b>	HAWAII
<b>Date Initiated:</b>	12/24/2007
<b>Docket/Case Number:</b>	SEU-2007-73
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/18/2009
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AN ADMINISTRATIVE PENALTY OF \$10,000.00 WAS ASSESSED AND PAID.
<b>Regulator Statement</b>	ENTERED INTO A CONSENT AGREEMENT WITH LPL, CENTRAL PACIFIC BANK DBA CENTRAL PACIFIC INVESTMENT SERVICES, AND JASON SCOTT WILLIAMS. AN ADMINISTRATIVE PENALTY OF \$10,000.00 WAS ASSESSED AND PAID.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO DISCLOSE TO CLIENTS MATERIAL INFORMATION IN CONNECTION WITH THE OFFER, SALE, OR PURCHASE OF SECURITIES BY OMITTING TO INFORM CLIENTS THAT THE SECURITIES PRODUCTS WERE OFFERED THROUGH LPL AND WERE NOT BANK PRODUCTS AND THEREFORE NOT FDIC INSURED. THIS ACTIVITY TOOK PLACE AT CENTRAL PACIFIC INVESTMENT SERVICES BRANCH OFFICE IN KAHULUI, MAUI.
<b>Initiated By:</b>	HAWAII
<b>Date Initiated:</b>	12/24/2007
<b>Docket/Case Number:</b>	SEU-2007-73
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/18/2009
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AN ADMINISTRATIVE PENALTY OF \$10,000.00 WAS ASSESSED AND PAID.
<b>Firm Statement</b>	ENTERED INTO A CONSENT AGREEMENT WITH LPL, CENTRAL PACIFIC BANK DBA CENTRAL PACIFIC INVESTMENT SERVICES, AND FINANCIAL ADVISOR. AN ADMINISTRATIVE PENALTY OF \$10,000.00 WAS ASSESSED AND PAID.

#### Disclosure 103 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON OR ABOUT JULY 25,1983, LPL FINANCIAL CORPORATION REGISTERED WITH THE SECURITIES COMMISSIONER AS A DEALER. SOMETIME BETWEEN FEBRUARY 2005 AND DECEMBER 26, 2005, AN AGENT OF LPL FINANCIAL CORPORATION NOTIFIED THE FIRM OF A FELONY CHARGE



THAT OCCURED ON OR ABOUT DECEMBER 18, 2004. ON OR ABOUT MARCH 3, 2006, A FORM U-4 DISCLOSING THE FELONY CHARGE WAS FILED WITH THE SECURITIES COMMISSIONER ON BEHALF OF ITS AGENT. AT THE TIME OF THE FELONY CHARGE, LPL'S WRITTEN PROCEDURES PROVIDED THAT "LPL FINANCIAL ADVISORS AND OTHER ASSOCIATED PERSONS MUST IMMEDIATELY NOTIFY THEIR OSJ BRANCH MANAGER AND LPL'S LEGAL DEPARTMENT IF THEY ARE EVER CHARGED WITH OR CONVICTED OF ANY FELONY..THE FORM U4 OF REGISTERED PERSONNEL WILL BE PROMPTLY UPDATED TO REFLECT SUCH CHARGES, CONVICTIONS.." LPL FINANCIAL CORPORATION FAILED TO ENFORCE ITS WRITTEN PROCEDURES RELATING TO THE NOTIFICATION OF A FELONY CHARGE AND FORM U-4 UPDATE.

**Initiated By:** TEXAS

**Date Initiated:** 12/30/2008

**Docket/Case Number:** IC08-CAF-22

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 12/30/2008

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

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:** REPRIMAND/UNDERTAKING

**Sanction Details:** NO OTHER SANCTIONS FOLLOW.

**Reporting Source:** Firm

**Current Status:** Final



**Allegations:** ON OR ABOUT JULY 25, 1983, LPL FINANCIAL CORPORATION REGISTERED WITH THE SECURITIES COMMISSIONER AS A DEALER. SOMETIME BETWEEN FEBRUARY 2005 AND DECEMBER 26, 2005, AN AGENT OF LPL FINANCIAL CORPORATION NOTIFIED THE FIRM OF A FELONY CHARGE THAT OCCURED ON OR ABOUT DECEMBER 18, 2004. ON OR ABOUT MARCH 3, 2006, A FORM U-4 DISCLOSING THE FELONY CHARGE WAS FILED WITH THE SECURITIES COMMISSIONER ON BEHALF OF ITS AGENT. AT THE TIME OF THE FELONY CHARGE, LPL'S WRITTEN PROCEDURES PROVIDED THAT "LPL FINANCIAL ADVISORS AND OTHER ASSOCIATED PERSONS MUST IMMEDIATELY NOTIFY THEIR OSJ BRANCH MANAGER AND LPL'S LEGAL DEPARTMENT IF THEY ARE EVER CHARGED WITH OR CONVICTED OF ANY FELONY.. THE FORM U4 OF REGIESTERED PERSONNEL WILL BE PROMPTLY UPDATED TO REFLECT SUCH CHARGES, CONVICTIONS.." LPL FINANCIAL CORPORATION FAILED TO ENFORCE ITS WRITTEN PROCEDURES RELATING TO THE NOTIFICATION OF A FELONY CHARGE AND FORM U-4 UPDATE.

**Initiated By:** TEXAS

**Date Initiated:** 12/30/2008

**Docket/Case Number:** IC08-CAF-22

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Other

**Resolution Date:** 12/30/2008

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:** REPRIMAND/UNDERTAKING

**Sanction Details:** NO OTHER SANCTIONS FOLLOW.

#### Disclosure 104 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE PROCEEDING RELEASE NOS. 58515 AND 2775, SEPTEMBER 11, 2008: THE SEC 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 AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 AGAINST LPL FINANCIAL CORPORATION, FORMERLY KNOWN AS LINSICO/PRIVATE LEDGER CORP. ("LPL"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") WHICH THE SEC HAS DETERMINED TO ACCEPT. THESE PROCEEDINGS ARISE OUT OF THE VIOLATIONS BY LPL, A REGISTERED BROKER-DEALER, INVESTMENT ADVISER, AND TRANSFER AGENT, OF THE SAFEGUARDS RULE OF REGULATION S-P (17 CFR SEC. 248.30(A)) (THE "SAFEGUARDS RULE"), WHICH REQUIRES BROKER-DEALERS AND SEC-REGISTERED INVESTMENT ADVISERS TO ADOPT WRITTEN POLICIES AND PROCEDURES REASONABLY DESIGNED TO PROTECT CUSTOMER INFORMATION. DESPITE ITS BEING AWARE AS EARLY AS 2006 THAT IT HAD INSUFFICIENT SECURITY CONTROLS TO SAFEGUARD CUSTOMER INFORMATION AT ITS BRANCH OFFICES, LPL FAILED TO IMPLEMENT ADEQUATE CONTROLS, INCLUDING SOME SECURITY MEASURES, WHICH LEFT CUSTOMER INFORMATION AT LPL'S BRANCH OFFICES VULNERABLE TO UNAUTHORIZED ACCESS. BETWEEN MID-JULY 2007 AND FEBRUARY 2008, LPL EXPERIENCED A SERIES OF COMPUTER SYSTEM SECURITY BREACHES IN WHICH AN UNAUTHORIZED PERSON(S) ACCESSED AND TRADED, OR ATTEMPTED TO TRADE, IN THE CUSTOMER ACCOUNTS OF SEVERAL OF LPL'S REGISTERED REPRESENTATIVES. AS OF THE DATE OF THE "HACKING" INCIDENTS, LPL HAD FAILED TO IMPLEMENT INCREASED SECURITY MEASURES AND ADOPT POLICIES AND PROCEDURES REASONABLY DESIGNED TO SAFEGUARD CUSTOMER INFORMATION AS REQUIRED BY REGULATION S-P. LPL DETECTED THE BREACHES AND ABSORBED THE LOSSES IN THE CUSTOMER ACCOUNTS. NONETHELESS, LPL'S FAILURES LEFT CUSTOMER INFORMATION VULNERABLE TO IDENTITY THIEVES OR OTHER UNAUTHORIZED USERS AT THE FIRM'S BRANCH OFFICES.

<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/11/2008
<b>Docket/Case Number:</b>	3-13181
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, A CIVIL MONEY PENALTY, AND UNDERTAKINGS.





**Resolution:** Order

**Resolution Date:** 09/11/2008

**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 \$275,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS - A. DEVISE AND IMPLEMENT, WITHIN 30 DAYS AFTER THE ISSUANCE OF THIS ORDER, A POLICY AND A SET OF PROCEDURES FOR TRAINING ITS EMPLOYEES AND ALL REGISTERED REPRESENTATIVES REGARDING SAFEGUARDING CUSTOMER RECORDS AND INFORMATION. B. RETAIN, WITHIN TEN (10) DAYS OF THE DATE OF ENTRY OF THIS ORDER, THE SERVICES OF AN INDEPENDENT CONSULTANT. LPL SHALL EXCLUSIVELY BEAR ALL COSTS OF THE INDEPENDENT CONSULTANT. LPL SHALL RETAIN THE INDEPENDENT CONSULTANT TO: (I) REVIEW LPL'S WRITTEN POLICIES AND PROCEDURES RELATING TO THE SAFEGUARDS RULE OF REGULATION S-P; AND (II) MAKE RECOMMENDATIONS CONCERNING THESE POLICIES AND PROCEDURES WITH A VIEW TO ASSURING COMPLIANCE WITH THE SAFEGUARDS RULE OF REGULATION S-P. C. NO LATER THAN TEN (10) DAYS FOLLOWING THE DATE OF THE INDEPENDENT CONSULTANT'S ENGAGEMENT, PROVIDE TO THE COMMISSION STAFF A COPY OF AN ENGAGEMENT LETTER DETAILING THE INDEPENDENT CONSULTANT'S RESPONSIBILITIES PURSUANT TO PARAGRAPH B ABOVE. D. ARRANGE FOR THE INDEPENDENT CONSULTANT TO ISSUE ITS REPORT WITHIN 90 DAYS AFTER THE DATE OF THE ENGAGEMENT. WITHIN TEN (10) DAYS AFTER THE ISSUANCE OF THE REPORT, LPL SHALL REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT A COPY OF THE INDEPENDENT CONSULTANT'S REPORT. THE INDEPENDENT CONSULTANT'S REPORT SHALL DESCRIBE THE REVIEW PERFORMED AND THE CONCLUSIONS REACHED AND SHALL INCLUDE ANY RECOMMENDATIONS DEEMED NECESSARY FOR CHANGES IN OR IMPROVEMENTS TO LPL'S WRITTEN POLICIES AND PROCEDURES AND A PROCEDURE FOR IMPLEMENTING THE RECOMMENDED CHANGES OR IMPROVEMENTS. E. WITHIN 30 DAYS OF RECEIPT OF THE INDEPENDENT CONSULTANT'S REPORT, ADOPT ALL RECOMMENDATIONS CONTAINED IN THE REPORT AND REMEDY ANY DEFICIENCIES IN ITS WRITTEN POLICIES AND PROCEDURES; PROVIDED, HOWEVER, THAT AS TO ANY RECOMMENDATION THAT LPL BELIEVES IS UNNECESSARY OR



INAPPROPRIATE, LPL MAY, WITHIN FIFTEEN (15) DAYS OF RECEIPT OF THE REPORT, ADVISE THE INDEPENDENT CONSULTANT AND THE COMMISSION'S STAFF IN WRITING OF ANY RECOMMENDATIONS [CONTINUE TO ITEM #14]

#### **Sanction Details:**

SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER AS TO LPL FINANCIAL CORPORATION ("ORDER"). ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT AND SECTIONS 203(E) AND 203(K) OF THE ADVISERS ACT, IT IS HEREBY ORDERED THAT: A. RESPONDENT LPL SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 30(A) OF REGULATION S-P (17 C.F.R. SEC. 248.30(A)). B. RESPONDENT LPL IS CENSURED. C. IT IS FURTHER ORDERED THAT RESPONDENT LPL SHALL, WITHIN TEN (10) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$275,000.00 TO THE UNITED STATES TREASURY. IF TIMELY PAYMENT IS NOT MADE, ADDITIONAL INTEREST SHALL ACCRUE PURSUANT TO 31 U.S.C. 3717. D. RESPONDENT SHALL COMPLY WITH ABOVE UNDERTAKINGS.

#### **Regulator Statement**

THAT IT CONSIDERS TO BE UNNECESSARY OR INAPPROPRIATE. WITH RESPECT TO ANY RECOMMENDATION THAT LPL CONSIDERS UNNECESSARY OR INAPPROPRIATE, LPL SHALL PROPOSE IN WRITING AN ALTERNATIVE POLICY OR PROCEDURE DESIGNED TO ACHIEVE THE SAME OBJECTIVE OR PURPOSE. F. WITH RESPECT TO ANY RECOMMENDATION WITH WHICH LPL AND THE INDEPENDENT CONSULTANT DO NOT AGREE, ATTEMPT IN GOOD FAITH TO REACH AN AGREEMENT WITH THE INDEPENDENT CONSULTANT WITHIN 30 DAYS OF RECEIPT OF THE REPORT. IN THE EVENT THAT LPL AND THE INDEPENDENT CONSULTANT ARE UNABLE TO AGREE ON AN ALTERNATIVE PROPOSAL ACCEPTABLE TO THE SEC, LPL WILL ABIDE BY THE ORIGINAL RECOMMENDATION OF THE INDEPENDENT CONSULTANT. G. WITHIN 180 DAYS OF THE ENTRY OF THIS ORDER, SUBMIT AN AFFIDAVIT TO THE SEC STATING THAT IT HAS IMPLEMENTED ANY AND ALL RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT, OR EXPLAINING THE CIRCUMSTANCES UNDER WHICH IT HAS NOT IMPLEMENTED SUCH RECOMMENDATIONS. H. COOPERATE FULLY WITH THE INDEPENDENT CONSULTANT AND PROVIDE THE



INDEPENDENT CONSULTANT WITH ACCESS TO ITS FILES, BOOKS, RECORDS AND PERSONNEL AS REASONABLY REQUESTED FOR THE INDEPENDENT CONSULTANT'S REVIEW. I. LPL SHALL REQUIRE THE INDEPENDENT CONSULTANT TO ENTER INTO AN AGREEMENT THAT PROVIDES THAT FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE INDEPENDENT CONSULTANT SHALL NOT ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH LPL, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY. THE AGREEMENT WILL ALSO PROVIDE THAT THE INDEPENDENT CONSULTANT WILL REQUIRE THAT ANY FIRM WITH WHICH HE IS AFFILIATED OR OF WHICH HE IS A MEMBER, AND ANY PERSON ENGAGED TO ASSIST THE INDEPENDENT CONSULTANT IN PERFORMANCE OF HIS DUTIES UNDER THIS ORDER SHALL NOT, WITHOUT PRIOR WRITTEN CONSENT OF THE SEC, EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH LPL.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE PROCEEDING RELEASE NOS. 58515 AND 2775, SEPTEMBER 11, 2008: THE SEC 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 AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 AGAINST LPL FINANCIAL CORPORATION, FORMERLY KNOWN AS LINSICO/PRIVATE LEDGER CORP. ("LPL"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") WHICH THE SEC HAS DETERMINED TO ACCEPT. THESE PROCEEDINGS ARISE OUT OF THE VIOLATIONS BY LPL, A REGISTERED BROKER-DEALER, INVESTMENT ADVISER, AND TRANSFER AGENT, OF THE SAFEGUARDS RULE OF REGULATION S-P (17 CFR SEC. 248.30(A)) (THE "SAFEGUARDS RULE"), WHICH REQUIRES BROKER-DEALERS AND SEC-REGISTERED INVESTMENT ADVISERS TO ADOPT WRITTEN POLICIES AND PROCEDURES REASONABLY DESIGNED TO PROTECT CUSTOMER INFORMATION.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 09/11/2008

**Docket/Case Number:** 3-13181



**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CENSURE, A CIVIL MONEY PENALTY, AND UNDERTAKINGS

**Resolution:** Order

**Resolution Date:** 09/11/2008

**Sanctions Ordered:** Censure  
Monetary/Fine \$275,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS - A. DEVISE AND IMPLEMENT, WITHIN 30 DAYS AFTER THE ISSUANCE OF THIS ORDER, A POLICY AND A SET OF PROCEDURES FOR TRAINING ITS EMPLOYEES AND ALL REGISTERED REPRESENTATIVES REGARDING SAFEGUARDING CUSTOMER RECORDS AND INFORMATION. B. RETAIN, WITHIN TEN (10) DAYS OF THE DATE OF ENTRY OF THIS ORDER, THE SERVICES OF AN INDEPENDENT CONSULTANT. LPL SHALL EXCLUSIVELY BEAR ALL COSTS OF THE INDEPENDENT CONSULTANT. LPL SHALL RETAIN THE INDEPENDENT CONSULTANT TO: (I) REVIEW LPL'S WRITTEN POLICIES AND PROCEDURES RELATING TO THE SAFEGUARDS RULE OF REGULATION S-P; AND (II) MAKE RECOMMENDATIONS CONCERNING THESE POLICIES AND PROCEDURES WITH A VIEW TO ASSURING COMPLIANCE WITH THE SAFEGUARDS RULE OF REGULATION S-P. C. NO LATER THAN TEN (10) DAYS FOLLOWING THE DATE OF THE INDEPENDENT CONSULTANT'S ENGAGEMENT, PROVIDE TO THE COMMISSION STAFF A COPY OF AN ENGAGEMENT LETTER DETAILING THE INDEPENDENT CONSULTANT'S RESPONSIBILITIES PURSUANT TO PARAGRAPH B ABOVE. D. ARRANGE FOR THE INDEPENDENT CONSULTANT TO ISSUE ITS REPORT WITHIN 90 DAYS AFTER THE DATE OF THE ENGAGEMENT. WITHIN TEN (10) DAYS AFTER THE ISSUANCE OF THE REPORT, LPL SHALL REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT A COPY OF THE INDEPENDENT CONSULTANT'S REPORT. THE INDEPENDENT CONSULTANT'S REPORT SHALL DESCRIBE THE REVIEW PERFORMED AND THE CONCLUSIONS REACHED AND SHALL INCLUDE ANY RECOMMENDATIONS DEEMED NECESSARY FOR CHANGES IN OR IMPROVEMENTS TO LPL'S WRITTEN POLICIES AND PROCEDURES AND A PROCEDURE FOR IMPLEMENTING THE RECOMMENDED CHANGES OR IMPROVEMENTS. E. WITHIN 30 DAYS OF RECEIPT OF THE INDEPENDENT CONSULTANT'S REPORT, ADOPT ALL RECOMMENDATIONS CONTAINED IN THE REPORT AND REMEDY ANY DEFICIENCIES IN ITS WRITTEN POLICIES AND PROCEDURES; PROVIDED, HOWEVER, THAT AS TO ANY



RECOMMENDATION THAT LPL BELIEVES IS UNNECESSARY OR INAPPROPRIATE, LPL MAY, WITHIN FIFTEEN (15) DAYS OF RECEIPT OF THE REPORT, ADVISE THE INDEPENDENT CONSULTANT AND THE COMMISSION'S STAFF IN WRITING OF ANY RECOMMENDATIONS [CONTINUE TO ITEM #13]

#### **Sanction Details:**

SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER AS TO LPL FINANCIAL CORPORATION ("ORDER"). ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT AND SECTIONS 203(E) AND 203(K) OF THE ADVISERS ACT, IT IS HEREBY ORDERED THAT: A. RESPONDENT LPL SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 30(A) OF REGULATION S-P (17 C.F.R. SEC. 248.30(A)). B. RESPONDENT LPL IS CENSURED. C. IT IS FURTHER ORDERED THAT RESPONDENT LPL SHALL, WITHIN TEN (10) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$275,000.00 TO THE UNITED STATES TREASURY. IF TIMELY PAYMENT IS NOT MADE, ADDITIONAL INTEREST SHALL ACCRUE PURSUANT TO 31 U.S.C. 3717. D. RESPONDENT SHALL COMPLY WITH ABOVE UNDERTAKINGS.

#### **Firm Statement**

THAT IT CONSIDERS TO BE UNNECESSARY OR INAPPROPRIATE. WITH RESPECT TO ANY RECOMMENDATION THAT LPL CONSIDERS UNNECESSARY OR INAPPROPRIATE, LPL SHALL PROPOSE IN WRITING AN ALTERNATIVE POLICY OR PROCEDURE DESIGNED TO ACHIEVE THE SAME OBJECTIVE OR PURPOSE. F. WITH RESPECT TO ANY RECOMMENDATION WITH WHICH LPL AND THE INDEPENDENT CONSULTANT DO NOT AGREE, ATTEMPT IN GOOD FAITH TO REACH AN AGREEMENT WITH THE INDEPENDENT CONSULTANT WITHIN 30 DAYS OF RECEIPT OF THE REPORT. IN THE EVENT THAT LPL AND THE INDEPENDENT CONSULTANT ARE UNABLE TO AGREE ON AN ALTERNATIVE PROPOSAL ACCEPTABLE TO THE SEC, LPL WILL ABIDE BY THE ORIGINAL RECOMMENDATION OF THE INDEPENDENT CONSULTANT. G. WITHIN 180 DAYS OF THE ENTRY OF THIS ORDER, SUBMIT AN AFFIDAVIT TO THE SEC STATING THAT IT HAS IMPLEMENTED ANY AND ALL RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT, OR EXPLAINING THE CIRCUMSTANCES UNDER WHICH IT HAS NOT IMPLEMENTED SUCH RECOMMENDATIONS. H. COOPERATE



FULLY WITH THE INDEPENDENT CONSULTANT AND PROVIDE THE INDEPENDENT CONSULTANT WITH ACCESS TO ITS FILES, BOOKS, RECORDS AND PERSONNEL AS REASONABLY REQUESTED FOR THE INDEPENDENT CONSULTANT'S REVIEW. I. LPL SHALL REQUIRE THE INDEPENDENT CONSULTANT TO ENTER INTO AN AGREEMENT THAT PROVIDES THAT FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE INDEPENDENT CONSULTANT SHALL NOT ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH LPL, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY. THE AGREEMENT WILL ALSO PROVIDE THAT THE INDEPENDENT CONSULTANT WILL REQUIRE THAT ANY FIRM WITH WHICH HE IS AFFILIATED OR OF WHICH HE IS A MEMBER, AND ANY PERSON ENGAGED TO ASSIST THE INDEPENDENT CONSULTANT IN PERFORMANCE OF HIS DUTIES UNDER THIS ORDER SHALL NOT, WITHOUT PRIOR WRITTEN CONSENT OF THE SEC, EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH LPL.

#### Disclosure 105 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE IN CONNECTION WITH HIS USE OF STRATEGIES, HIS USE OF MARKETING MATERIALS AND THE APPROPRIATENESS OF THE INVESTMENTS HE RECOMMENDED TO PUBLIC CUSTOMERS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	06/03/2008
<b>Docket/Case Number:</b>	<a href="#">E062004027401</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	UNIT INVESTMENT TRUSTS, EQUITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/03/2008



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$125,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, LPL FINANCIAL CORPORATION, CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$125,000, OF WHICH \$25,000 IS JOINT AND SEVERAL WITH A REGISTERED REPRESENTATIVE.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE IN CONNECTION WITH HIS USE OF STRATEGIES, HIS USE OF MARKETING MATERIALS AND THE APPROPRIATENESS OF THE INVESTMENTS HE RECOMMENDED TO PUBLIC CUSTOMERS.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
<b>Date Initiated:</b>	06/03/2008
<b>Docket/Case Number:</b>	<a href="#">E062004027401</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	UNIT INVESTMENT TRUSTS, EQUITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/03/2008
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$125,000.00



**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, LPL FINANCIAL CORPORATION, CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$125,000, OF WHICH \$25,000 IS JOINT AND SEVERAL WITH A REGISTERED REPRESENTATIVE.

**Disclosure 106 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** LINSICO/PRIVATE LEDGER CORP., AT CERTAIN TIMES BETWEEN 1998 AND 2006, FAILED TO MAINTAIN OR ENFORCE PROCEDURES REASONABLY DESIGNED TO SUPERVISE ONE OR MORE OF ITS AGENTS IN PA.

**Initiated By:** PENNSYLVANIA CONTACT: PAUL E. VON GEIS, JR. (717)-783-5177

**Date Initiated:** 11/20/2007

**Docket/Case Number:** 2007-03-01

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** LINSICO/PRIVATE LEDGER CORP. IS ORDERED TO PAY A \$200,000.00 ADMINISTRATIVE ASSESSMENT AND \$30,000.00 INVESTIGATIVE AND LEGAL COSTS.

**Resolution:** Settled

**Resolution Date:** 11/20/2007

**Sanctions Ordered:** Monetary/Fine \$230,000.00

**Other Sanctions Ordered:**

**Sanction Details:** LINSICO/PRIVATE LEDGER CORP. IS ORDERED TO PAY A \$200,000.00 ADMINISTRATIVE ASSESSMENT AND \$30,000.00 INVESTIGATIVE AND LEGAL COSTS.

**Regulator Statement** FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO LINSICO/PRIVATE LEDGER CORP.





**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** LINSICO / PRIVATE LEDGER CORP., AT CERTAIN TIMES BETWEEN 1998 AND 2006, FAILED TO MAINTAIN OR ENFORCE PROCEDURES REASONABLY DESIGNED TO SUPERVISE ONE OR MORE OF IT'S AGENTS IN PA.  
**Initiated By:** PENNSYLVANIA  
**Date Initiated:** 11/20/2007  
**Docket/Case Number:** 2007-03-01  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** LINSICO / PRIVATE LEDGER CORP. IS ORDERED TO PAY A \$200,000 ADMINISTRATIVE ASSESSMENT AND A \$30,000 INVESTIGATIVE AND LEGAL COST.  
**Resolution:** Settled  
**Resolution Date:** 11/20/2007  
**Sanctions Ordered:** Monetary/Fine \$230,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** LINSICO / PRIVATE LEDGER CORP. IS ORDERED TO PAY A \$200,000.00 ADMINISTRATIVE ASSESSMENT AND \$30,000.00 INVESTIGATIVE AND LEGAL COSTS.

#### Disclosure 107 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** ARTICLE V, SECTION 2(C) OF THE NASD BY-LAWS, NASD RULE 2110 - LINSICO/PRIVATE LEDGER CORP. FAILED TO TIMELY AMEND REPRESENTATIVES' FORMS U4 WITH MATERIAL INFORMATION.  
**Initiated By:** NASD  
**Date Initiated:** 04/17/2007  
**Docket/Case Number:** 2005003190804



**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:** 04/17/2007

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

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ARTICLE V, SECTION 2(C) OF THE NASD BY-LAWS, NASD RULE 2110 - LINSKO/PRIVATE LEDGER CORP. FAILED TO TIMELY AMEND REPRESENTATIVES' FORMS U4 WITH MATERIAL INFORMATION.

**Initiated By:** NASD

**Date Initiated:** 04/17/2007

**Docket/Case Number:** 2005003190804

**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:** 04/17/2007

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

#### Disclosure 108 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 3010 AND 2110 - DURING THE PERIOD JANUARY 1, 2003, TO DECEMBER 31, 2004 THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO REVIEW AND MONITOR ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM'S SUPERVISORY SYSTEM ALSO RELIED, IN SIGNIFICANT PART, UPON AUTOMATED, CODED REPORTS TO EVALUATE ITS VARIABLE ANNUITY EXCHANGES. THOSE AUTOMATED REPORTS FAILED TO CAPTURE CERTAIN INFORMATION NECESSARY FOR THE PROPER EVALUATION OF EXCHANGES, SUCH AS WHETHER A DEATH BENEFIT WAS LOST, A COMPARISON OF CONTRACT CHARGES, AND A DETAILED REASON FOR THE EXCHANGE. IN ADDITION, THE FIRM'S REGISTERED REPRESENTATIVES OCCASIONALLY FAILED TO CODE THEIR EXCHANGE TRANSACTIONS CORRECTLY ON THE AUTOMATED REPORTS, WHICH MAY HAVE CAUSED COMPLIANCE ANALYSTS NOT TO IDENTIFY AND REVIEW CERTAIN TRANSACTIONS AS EXCHANGES. THE FIRM'S POLICIES AND PROCEDURES CALLED FOR THE REVIEW OF VARIABLE ANNUITY TRANSACTIONS, INCLUDING ALL EXCHANGES, BY REGISTERED PRINCIPALS AS FOLLOWS: OFFICE OF SUPERVISORY JURISDICTION ("OSJ") PRINCIPALS PERFORMED THE INITIAL REVIEW AND APPROVAL OF VARIABLE ANNUITY EXCHANGE TRANSACTIONS SUBMITTED BY REGISTERED REPRESENTATIVES UNDER THEIR SUPERVISION (INCLUDING REGISTERED REPRESENTATIVES WORKING AT NON-OSJ BRANCH LOCATIONS). COMPLIANCE ANALYSTS IN THE FIRM'S COMPLIANCE DEPARTMENT REVIEWED AND APPROVED VARIABLE ANNUITY EXCHANGE TRANSACTIONS SUBMITTED BY OSJ PRINCIPALS. REGISTERED PRINCIPALS IN THE FIRM'S COMPLIANCE DEPARTMENT ALSO EXAMINED CERTAIN TRANSACTIONS LISTED ON SURVEILLANCE REPORTS UTILIZED BY THE FIRM TO IDENTIFY TRANSACTIONS THAT MIGHT WARRANT ADDITIONAL SUPERVISORY REVIEW. \*ALLEGATIONS CONTINUED IN THE COMMENTS SECTION.



**Initiated By:** NASD  
**Date Initiated:** 12/21/2006  
**Docket/Case Number:** [EAF0400610003](#)  
**Principal Product Type:** Annuity(ies) - Variable  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/21/2006  
**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 \$300,000.00  
**Other Sanctions Ordered:** UNDERTAKINGS: RETAIN, WITHIN SIX MONTHS FROM THE DATE OF THIS AWC, AN INDEPENDENT CONSULTANT ("CONSULTANT"), NOT UNACCEPTABLE TO NASD, TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEMS AND PROCEDURES ARE ADEQUATE. COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING BY PROVIDING STAFF SUPPORT. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN FOUR MONTHS AFTER THE CONSULTANT IS RETAINED; REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD A WRITTEN REPORT ("REPORT"). WITHIN 90 DAYS AFTER DELIVERY OF THE REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR PROPOSE AN ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE. WITHIN 30 DAYS AFTER THE ISSUANCE OF THE LATER OF THE CONSULTANT'S REPORT REGARDING ALTERNATIVE OR MODIFIED PROCEDURES, THE FIRM SHALL PROVIDE THE NASD STAFF WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY AN OFFICER OF THE FIRM, ATTESTING TO, CONTAINING DOCUMENTATION OF, AND



SETTING FORTH THE DETAILS OF THE FIRM'S IMPLEMENTATION OF THE CONSULTANT'S RECOMMENDATIONS. WITHIN 90 DAYS AFTER THE ISSUANCE OF THE LATER OF THE CONSULTANT'S REPORT REGARDING ALTERNATIVE OR MODIFIED PROCEDURES, THE FIRM SHALL CERTIFY THAT IT HAS PROVIDED THE FOLLOWING TRAINING RELATING TO THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS FOR REVIEWING AND MONITORING VARIABLE ANNUITY TRANSACTIONS: TRAINING FOR ALL OF THE FIRM'S REGISTERED PERSONS ON HOW TO CORRECTLY INPUT INFORMATION FOR USE BY THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS; AND TRAINING FOR ALL OF THE FIRM'S PRINCIPALS RESPONSIBLE FOR REVIEWING AND APPROVING VARIABLE ANNUITY TRANSACTIONS ON HOW TO UTILIZE AND INTERPRET THE REPORTS GENERATED BY THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS IN ORDER TO PROPERLY REVIEW AND MONITOR VARIABLE ANNUITY TRANSACTIONS.

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$300,000 AND REQUIRED TO COMPLY WITH UNDERTAKINGS.

**Regulator Statement**

\*ALLEGATIONS CONTINUED: IN REVIEWING VARIABLE ANNUITY EXCHANGE TRANSACTIONS, THESE OSJ PRINCIPALS AND COMPLIANCE DEPARTMENT PRINCIPALS HAD AVAILABLE TO THEM VARIOUS SOURCES OF RELEVANT INFORMATION, INCLUDING NEW ACCOUNT DOCUMENTATION, ACCOUNT RECORDS, APPLICATIONS AND TRANSACTIONAL PAPERWORK, PROSPECTUSES OR OTHER OFFERING DOCUMENTS, CUSTOMER CORRESPONDENCE AND REGISTERED REPRESENTATIVE NOTES. HOWEVER, THE FIRM'S WRITTEN POLICIES AND PROCEDURES DID NOT REQUIRE THAT ITS PRINCIPALS UTILIZE THESE SOURCES OF INFORMATION AND THE FIRM DID NOT PROVIDE ADEQUATE GUIDANCE TO ITS PRINCIPALS REGARDING WHEN OR HOW TO UTILIZE SOME OF SUCH INFORMATION. THE FIRM'S WRITTEN PROCEDURES ALSO PROVIDED INSUFFICIENT GUIDANCE TO COMPLIANCE ANALYSTS IN ASSESSING THE SUITABILITY OF A VARIABLE ANNUITY EXCHANGE. THE PROCEDURES SUGGESTED THAT ANALYSTS REVIEW CERTAIN CATEGORIES OF INFORMATION, SUCH AS INVESTMENT OBJECTIVES, AGE, AND FINANCIAL INFORMATION. THE PROCEDURES ALSO SUGGESTED THAT ANALYSTS FURTHER REVIEW A VARIABLE ANNUITY EXCHANGE IF IT MET CERTAIN PARAMETERS. HOWEVER, IN SOME CASES, CERTAIN INFORMATION NEEDED FOR THE REVIEW, SUCH AS, WHETHER THE OSJ PRINCIPAL OR REGISTERED REPRESENTATIVE WAS THE AGENT OF RECORD ON THE ORIGINAL CONTRACT THAT WAS BEING EXCHANGED AND WHETHER THE FACTS AND CIRCUMSTANCES OF EACH TRANSACTION SUPPORTED THE RATIONALE FOR THE EXCHANGE, WAS NOT READILY AVAILABLE TO SUPERVISORY PERSONNEL.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED THAT, DURING DURING THE PERIOD JANUARY 1, 2003, TO DECEMBER 31, 2004, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO REVIEW AND MONITOR ITS VARIABLE ANNUITY EXCHANGE BUSINESS IN VIOLATION OF NASD RULES 3010 AND 2110.

**Initiated By:** NASD

**Date Initiated:** 12/21/2006

**Docket/Case Number:** [EAF0400610003](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/21/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$300,000.00

**Other Sanctions Ordered:** UNDERTAKINGS: RETAIN, WITHIN SIX MONTHS FROM THE DATE OF THIS AWC, AN INDEPENDENT CONSULTANT ("CONSULTANT"), NOT UNACCEPTABLE TO NASD, TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEMS AND PROCEDURES ARE ADEQUATE. COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING BY PROVIDING STAFF SUPPORT. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN FOUR MONTHS AFTER THE CONSULTANT IS RETAINED; REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD A WRITTEN REPORT ("REPORT"). WITHIN 90 DAYS AFTER DELIVERY OF THE REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR PROPOSE AN ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO



ACHIEVE THE SAME OBJECTIVE. WITHIN 30 DAYS AFTER THE ISSUANCE OF THE LATER OF THE CONSULTANT'S REPORT REGARDING ALTERNATIVE OR MODIFIED PROCEDURES, THE FIRM SHALL PROVIDE THE NASD STAFF WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY AN OFFICER OF THE FIRM, ATTESTING TO, CONTAINING DOCUMENTATION OF, AND SETTING FORTH THE DETAILS OF THE FIRM'S IMPLEMENTATION OF THE CONSULTANT'S RECOMMENDATIONS. WITHIN 90 DAYS AFTER THE ISSUANCE OF THE LATER OF THE CONSULTANT'S REPORT REGARDING ALTERNATIVE OR MODIFIED PROCEDURES, THE FIRM SHALL CERTIFY THAT IT HAS PROVIDED THE FOLLOWING TRAINING RELATING TO THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS FOR REVIEWING AND MONITORING VARIABLE ANNUITY TRANSACTIONS: TRAINING FOR ALL OF THE FIRM'S REGISTERED PERSONS ON HOW TO CORRECTLY INPUT INFORMATION FOR USE BY THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS; AND TRAINING FOR ALL OF THE FIRM'S PRINCIPALS RESPONSIBLE FOR REVIEWING AND APPROVING VARIABLE ANNUITY TRANSACTIONS ON HOW TO UTILIZE AND INTERPRET THE REPORTS GENERATED BY THE FIRM'S AUTOMATED SUPERVISORY SYSTEMS IN ORDER TO PROPERLY REVIEW AND MONITOR VARIABLE ANNUITY TRANSACTIONS.

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$300,000 AND REQUIRED TO COMPLY WITH UNDERTAKINGS.

**Disclosure 109 of 124**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	LINSCO/PRIVATE LEDGER CORPORATIONS FAILED TO TIMELY UPDATE ITS FORM BD TO REFLECT THE USE OF OTHER BUSINESS NAMES IN CONNECTION WITH SECURITIES ACTIVITY BY CERTAIN OF LINSCO/PRIVATE LEDGER CORPORATION'S BRANCH OFFICES AND OTHER BUSINESS LOCATIONS IN TEXAS.
<b>Initiated By:</b>	TEXAS
<b>Date Initiated:</b>	06/28/2006
<b>Docket/Case Number:</b>	IC06-CAF-19
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	



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

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

**Resolution:** Order

**Resolution Date:** 06/28/2006

**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:** Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** LINSKO/Private Ledger Corp. has been reprimanded.

**Sanction Details:** NO OTHER SANCTIONS TO FOLLOW.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** LINSKO / PRIVATE LEDGER CORP. FAILED TO TIMELY UPDATE IT'S FORM BD TO REFLECT THE USE OF OTHER BUSINESS NAMES IN CONNECTION WITH SECURITIES ACTIVITY BY CERTAIN OF LPL'S BRANCH OFFICES AN OTHER BUSINESS LOCATIONS IN TEXAS.

**Initiated By:** TEXAS

**Date Initiated:** 06/28/2006

**Docket/Case Number:** IC06-CAF-19

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 06/28/2006





**Sanctions Ordered:** Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:** REPRIMANDED  
**Sanction Details:** NO OTHER SANCTIONS TO FOLLOW.

#### Disclosure 110 of 124

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULES 2711(F)(5) AND 2110 - RESPONDENT MEMBER FAILED TO COMPLY WITH NASD RULE 2711(F)(5) WHEN TERMINATING RESEARCH COVERAGE OF SUBJECT COMPANIES IN THAT, IT FAILED TO MAKE AVAILABLE A FINAL RESEARCH REPORT; NOTICE OF SUSPENSION OF COVERAGE DID NOT COMPLY WITH THE REQUIREMENTS OF NASD CONDUCT RULE 2711(F)(5).  
**Initiated By:** NASD  
**Date Initiated:** 01/06/2006  
**Docket/Case Number:** E112004010901  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 01/06/2006  
**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 \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSKO PRIVATE LEDGER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY



OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$5,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2711(F)(5) AND 2110 - RESPONDENT MEMBER FAILED TO COMPLY WITH NASD RULLE 2711(F)(5) WHEN TERMINATING RESEARCH COVERAGE OF SUBJECT COMPANIES IN THAT, IT FAILED TO MAKE AVAILABLE A FINE RESEARCH REPORT; NOTICE OF SUSPENSION OF COVERAGE DID NOT COMPLY WITH THE REQUIREMENTS OF NASD CONDUCT RULE 2711(F)(5).

**Initiated By:** NASD

**Date Initiated:** 01/06/2006

**Docket/Case Number:** E112004010901

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 01/06/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSKO/PRIVATE LEDGER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THEREFORE, THE FIRM IS CENSUREED AND FINED \$5,000.

#### Disclosure 111 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2110, 2310 AND 3010-RESPONDENT FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES REGARDING CLASS B AND CLASS C SHARES WERE INADEQUATE. THE



FIRM ALSO FAILED TO PROVIDE ADEQUATE TRAINING OF THE AVAILABLE MUTUAL FUND CLASSES, BASED UPON THE PARTICULAR FUND'S PRINCIPAL CONSIDERATIONS, INCLUDING APPLICABLE AGGREGATION RIGHTS. THE FIRM ALSO FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES. THE FIRM'S PROCEDURES WERE NOT SUFFICIENT TO ENSURE THAT FINANCIAL ADVISORS, WHEN RECOMMENDING MUTUAL FUND SHARES TO CUSTOMERS, ADEQUATELY DISCLOSED THAT SUCH SHARES WERE SUBJECT TO HIGHER ANNUAL FEES THAT COULD HAVE A NEGATIVE IMPACT ON THE CUSTOMERS' INVESTMENT RETURN OR ONCE BREAKPOINTS BECOME AVAILABLE, AN EQUAL INVESTMENT IN CLASS A SHARES COULD YIELD A HIGHER RETURN, AND QUANTIFIED THE POTENTIAL MONETARY DIFFERENCE BETWEEN PURCHASING CLASS A SHARES, CLASS B SHARES AND CLASS C SHARES FOR THE PERIOD THEIR CUSTOMERS' ANTICIPATED HOLDING INVESTMENT. THE FIRM'S FINANCIAL ADVISORS DID NOT DISCLOSE AT THE POINT OF PURCHASE OR ADEQUATELY CONSIDER, ON A CONSISTENT BASIS, SUITABILITY ELEMENTS WHEN MAKING RECOMMENDATIONS TO CUSTOMERS TO PURCHASE CLASS B AND CLASS C SHARES INSTEAD OF CLASS A SHARES.

**Initiated By:** NASD

**Date Initiated:** 12/19/2005

**Docket/Case Number:** [E112003071801](#)

**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:** 12/19/2005

**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 \$2,400,000.00

**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, FIRM IS CENSURED AND FINED \$2,400,000. FOR SPECIFIC UNDERTAKINGS SEE THE AWC.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2110, 2310 AND 3010-RESPONDENT FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES REGARDING CLASS B AND CLASS C SHARES WERE INADEQUATE. THE FIRM ALSO FAILED TO PROVIDE ADEQUATE TRAINING OF THE AVAILABLE MUTUAL FUND CLASSES, BASED UPON THE PARTICULAR FUND'S PRINCIPAL CONSIDERATIONS, INCLUDING APPLICABLE AGGREGATION RIGHTS. THE FIRM ALSO FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES. THE FIRM'S PROCEDURES WERE NOT SUFFICIENT TO ENSURE THAT FINANCIAL ADVISORS, WHEN RECOMMENDING MUTUAL FUND SHARES TO CUSTOMERS, ADEQUATELY DISCLOSED THAT SUCH SHARES WERE SUBJECT TO HIGHER ANNUAL FEES THAT COULD HAVE A NEGATIVE IMPACT ON THE CUSTOMERS' INVESTMENT RETURN OR ONCE BREAKPOINTS BECOME AVAILABLE, AN EQUAL INVESTMENT IN CLASS A SHARES COULD YIELD A HIGHER RETURN, AND QUANTIFIED THE POTENTIAL MONETARY DIFFERENCE BETWEEN PURCHASING CLASS A SHARES, CLASS B SHARES AND CLASS C SHARES FOR THE PERIOD THEIR CUSTOMERS' ANTICIPATED HOLDING INVESTMENT. THE FIRM'S FINANCIAL ADVISORS DID NOT DISCLOSE AT THE POINT OF PURCHASE OR ADEQUATELY CONSIDER, ON A CONSISTENT BASIS, SUITABILITY ELEMENTS WHEN MAKING RECOMMENDATIONS TO CUSTOMERS TO PURCHASE CLASS B AND CLASS C SHARES INSTEAD OF CLASS A SHARES.

**Initiated By:** NASD

**Date Initiated:** 12/19/2005

**Docket/Case Number:** E1120030718-01

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FINE AND UNDERTAKINGS



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

**Resolution Date:** 12/19/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,400,000.00

**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, FIRM IS CENSURED AND FINED \$2,400,000.

#### Disclosure 112 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A), 3010(B) - RESPONDENT MEMBER FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SYSTEM OR WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF REGISTERED PERSONS IN CONNECTION WITH THEIR USE OF WIRE TRANSFERS.

**Initiated By:** NASD

**Date Initiated:** 11/14/2005

**Docket/Case Number:** [E012002060302](#)

**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:** 11/14/2005

**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 \$75,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LISCO / PRIVATE LEDGER CORPORATION, CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$75,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A), 3010(B) - RESPONDENT MEMBER FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A REASONABLE SYSTEM OR WRITTEN PROCEDURES TO SUPERVISE THE ACTIVITIES OF REGISTERED PERSONS IN CONNECTION WITH THEIR USE OF WIRE TRANSFERS.

**Initiated By:** NASD

**Date Initiated:** 11/14/2005

**Docket/Case Number:** [E012002060302](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 11/14/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSICO / PRIVATE LEDGER CORP., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$75,000.

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**Disclosure 113 of 124**

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2830(K) AND 2110; LINSKO/PRIVATE LEDGER CORP. MAINTAINED SHELF SPACE (OR REVENUE SHARING) PROGRAMS IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE, PARTICIPATION IN FIRM MEETINGS AND PLACEMENT OF PROMOTIONAL MATERIAL ON THE FIRM'S INTERNAL WEBSITE. ONE FUND COMPLEX PAID ALL, AND SOME PAID PART OF THEIR FEES FOR PARTICIPATING IN THE PROGRAMS BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM.

**Initiated By:** NASD

**Date Initiated:** 06/08/2005

**Docket/Case Number:** [CE4050009](#)

**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:** 06/08/2005

**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 \$3,602,398.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS LINSKO/PRIVATE LEDGER CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$3,602,398.00.

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**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULES 2830(K) AND 2110; LINSICO/PRIVATE LEDGER CORP. MAINTAINED SHELF SPACE (OR REVENUE SHARING) PROGRAMS IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE, PARTICIPATION IN FIRM MEETINGS AND PLACEMENT OF PROMOTIONAL MATERIAL ON THE FIRM'S INTERNAL WEBSITE. ONE FUND COMPLEX PAID ALL, AND SOME PAID PART OF THEIR FEES FOR PARTICIPATING IN THE PROGRAMS BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	06/08/2005
<b>Docket/Case Number:</b>	<a href="#">CE4050009</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/08/2005
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$3,602,398.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS LINSICO/PRIVATE LEDGER CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$3,602,398.00.

#### Disclosure 114 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ARTICLE V, SECTIONS 2(C) AND 3(B) OF NASD'S BY-LAWS, AND NASD RULES 2110 AND 3010 - LINSICO/PRIVATE LEDGER CORP. ("RESPONDENT FIRM") FILED AT LEAST 390 LATE AMENDMENTS TO FORMS U4 AND U5,





WHICH REPRESENTED APPROXIMATELY 71% OF THE REQUIRED AMENDMENTS RELATING TO REPORTABLE CUSTOMER COMPLAINTS, TERMINATIONS, REGULATORY ACTIONS, AND CRIMINAL DISCLOSURES. DURING THE RELEVANT PERIOD, THE RESPONDENT FIRM'S SUPERVISORY SYSTEM AND PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS ARTICLE V REPORTING OBLIGATIONS.

**Initiated By:** NASD

**Date Initiated:** 11/30/2004

**Docket/Case Number:** CAF040093

**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:** 11/30/2004

**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 \$450,000.00

**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, IT IS CENSURED AND FINED \$450,000, WHICH SHALL BE PAID WITHIN 10 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC. IN ADDITION RESPONDENT FIRM SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS: (1) PROMPTLY FOLLOWING NOTICE OF ACCEPTANCE OF THIS AWC, THE FIRM'S INTERNAL AUDIT DEPARTMENT OR PERSONNEL NOT DIRECTLY RESPONSIBLE FOR THE FIRM'S ARTICLE V REPORTING OBLIGATIONS AND THEIR IMMEDIATE SUPERVISORS SHALL CONDUCT AN AUDIT TO ASSESS THE EFFECTIVENESS OF ITS SYSTEM AND PROCEDURES FOR ENSURING TIMELY FILING OF FORM U4 AND U5 AMENDMENTS SUMMARIZING FINDINGS AND RECOMMENDATIONS AND



SHALL FOR THE NEXT FOUR CALENDAR QUARTERS BEGINNING FOURTH QUARTER 2004, CONDUCT A SIMILAR AUDIT AND PREPARE A SIMILAR WRITTEN AUDIT REPORT. (2) NO LATER THAN 90 DAYS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED AND THE OFFICER HAS REVIEWED THE CURRENT AUDIT REPORT. (3) NO LATER THAN 60 DAYS AFTER THE DATE OF THE CURRENT AUDIT REPORT, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS IMPLEMENTED, OR HAS BEGUN TO IMPLEMENT, ANY RECOMMENDATIONS WITHIN A SPECIFIED TIME PERIOD. (4) NO LATER THAN 60 DAYS AFTER THE LAST DAY OF THE NEXT FOUR QUARTERS, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED, THE CURRENT AUDIT REPORT WAS REVIEWED, AND RECOMMENDATIONS IMPLEMENTED, OR BEGUN TO BE IMPLEMENTED. (5) NO LATER THAN SIX MONTHS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS REVIEWED ITS SYSTEM AND PROCEDURES FOR COMPLYING WITH ITS ARTICLE V REPORTING OBLIGATIONS AND HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REPORTING REQUIREMENTS SET FORTH THEREIN.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED VIOLATIONS OF ARTICLE V, SECTIONS 2(C) AND 3(B) OF NASD BY-LAWS AND NASD RULES 2110 AND 3010. MATTER AROSE OUT OF 390 LATE FILINGS OF AMENDMENTS TO FORMS U4 AND U5 FROM JANUARY 2002 THROUGH MARCH 2004. NASD ALLEGED THAT FIRM'S SUPERVISORY SYSTEM AND PROCEDURES WERE INADEQUATE TO ACHIEVE COMPLIANCE WITH ITS ARTICLE V REPORTING OBLIGATIONS.

**Initiated By:** NASD

**Date Initiated:** 11/30/2004

**Docket/Case Number:** CAF040093

**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:** 11/30/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$450,000.00

**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, IT IS CENSURED AND FINED \$450,000, WHICH SHALL BE PAID WITHIN 10 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC. IN ADDITION RESPONDENT FIRM SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS: (1) PROMPTLY FOLLOWING NOTICE OF ACCEPTANCE OF THIS AWC, THE FIRM'S INTERNAL AUDIT DEPARTMENT OR PERSONNEL NOT DIRECTLY RESPONSIBLE FOR THE FIRM'S ARTICLE V REPORTING OBLIGATIONS AND THEIR IMMEDIATE SUPERVISORS SHALL CONDUCT AN AUDIT TO ASSESS THE EFFECTIVENESS OF ITS SYSTEM AND PROCEDURES FOR ENSURING TIMELY FILING OF FORM U4 AND U5 AMENDMENTS SUMMARIZING FINDINGS AND RECOMMENDATIONS AND SHALL FOR THE NEXT FOUR CALENDAR QUARTERS BEGINNING FOURTH QUARTER 2004, CONDUCT A SIMILAR AUDIT AND PREPARE A SIMILAR WRITTEN AUDIT REPORT. (2) NO LATER THAN 90 DAYS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED AND THE OFFICER HAS REVIEWED THE CURRENT AUDIT REPORT. (3) NO LATER THAN 60 DAYS AFTER THE DATE OF THE CURRENT AUDIT REPORT, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS IMPLEMENTED, OR HAS BEGUN TO IMPLEMENT, ANY RECOMMENDATIONS WITHIN A SPECIFIED TIME PERIOD. (4) NO LATER THAN 60 DAYS AFTER THE LAST DAY OF THE NEXT FOUR QUARTERS, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED, THE CURRENT AUDIT REPORT WAS REVIEWED, AND RECOMMENDATIONS IMPLEMENTED, OR BEGUN TO BE IMPLEMENTED. (5) NO LATER THAN SIX MONTHS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS REVIEWED ITS SYSTEM AND PROCEDURES FOR COMPLYING WITH ITS ARTICLE V REPORTING OBLIGATIONS AND HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REPORTING REQUIREMENTS SET FORTH THEREIN.

#### Disclosure 115 of 124

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** MSRB RULES G-17 AND G-30(A) - PUBLIC CUSTOMERS REQUESTED THAT LINSKO/PRIVATE LEDGER CORP. LIQUIDATE TWO DIFFERENT MUNICIPAL SECURITY POSITIONS LINSKO/PRIVATE LEDGER CORP. CONTRACTED A BROKER'S BROKER AND OBTAINED BIDS FOR THE CUSTOMERS' SECURITIES. BASED ON THE BIDS PROVIDED BY THE BROKER'S BROKER, THE FIRM PURCHASED THE SECURITIES FROM THE CUSTOMERS FOR ITS OWN ACCOUNT AND THEN SOLD THE SECURITIES TO THE BROKER'S BROKER AT A NOMINAL GAIN. IN BOTH INSTANCES, THE PRICES PAID TO THE CUSTOMERS, AND RECEIVED BY THE FIRM, WERE BELOW THE FAIR MARKET VALUE OF EACH SECURITY, IN AMOUNTS RANGING FROM 17.81% TO 20.01%. BY RELYING SOLELY ON THE BIDS PROVIDED BY THE BROKER'S BROKER TO DETERMINE THE FAIR MARKET VALUE OF THE SECURITY, LINSKO/PRIVATE LEDGER CORP. FAILED TO ENSURE THAT THE TRANSACTIONS WERE EXECUTED AT AGGREGATE PRICES THAT WERE FAIR AND REASONABLE.

**Initiated By:** NASD

**Date Initiated:** 10/11/2004

**Docket/Case Number:** C05040072

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/11/2004

**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 \$5,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSKO/PRIVATE LEDGER CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE



ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED IN THE AMOUNT OF \$5,000. ALSO, LINSKO/PRIVATE LEDGER CORP. SHALL PAY THE CUSTOMER RESTITUTION IN THE AMOUNT OF \$4,662.00 PLUS INTEREST.

ADDITIONALLY, WITHIN 90 DAYS OF THE ACCEPTANCE OF THIS AWC, THE FIRM SHALL PROVIDE NASD WITH A COPY OF ITS UPDATED WRITTEN SUPERVISORY PROCEDURES AS THEY RELATE TO THE DETERMINATION OF THE FAIR MARKET VALUE OF MUNICIPAL SECURITIES BEING BOUGHT OR SOLD FROM A PUBLIC CUSTOMER.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED VIOLATIONS OF MRSB RULES G-17 AND G-30A. MATTER AROSE OUT OF TWO MUNICIPAL BOND LIQUIDATIONS. LINSKO/PRIVATE LEDGER CONTRACTED A BROKER'S BROKER TO OBTAIN BIDS FOR THE CUSTOMERS' SECURITIES. BASED ON THE BIDS PROVIDED BY THE BROKER'S BROKER, THE FIRM PURCHASED THE SECURITIES FROM THE CUSTOMERS AND THEN SOLD THE SECURITIES TO THE BROKER'S BROKER AT A NOMINAL GAIN. ACCORDING TO THE NASD, THE PRICES PAID TO THE CUSTOMERS WERE BELOW THE FAIR MARKET VALUE OF EACH SECURITY. ACCORDING TO THE NASD, BY RELYING ON THE BIDS FROM THE BROKER'S BROKER, THE FIRM FAILED TO INSURE THAT THE PRICES WERE FAIR AND REASONABLE.

**Initiated By:** NASD

**Date Initiated:** 10/11/2004

**Docket/Case Number:** C05040072

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/11/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS,LPL ENTERED INTO AN ACCEPTANCE, WAIVER AND CONSENT WITH THE NASD ON OCTOBER 11,2004 THAT RESULTED IN A CENSURE AND FINE OF \$5000.00, RESTITUTION OF \$4,662.00 AND AN UNDERTAKING TO REVIEW ITS SUPERVISORY PROCEDURES AS THEY RELATE TO DETERMINING THE FAIR MARKET VALUE OF MUNICIPAL SECURITIES PURCHASED OR SOLD THROUGH A BROKER'S BROKER FOR A PUBLIC CUSTOMER.

**Disclosure 116 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE PROCEEDING RELEASE NOS. 33-8371 AND 34-49232, DATED FEBRUARY 12, 2004: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION" OR "SEC") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTIONS 15(B)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LINSKO/PRIVATE LEDGER CORP. ("RESPONDENT").

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 02/12/2004

**Docket/Case Number:** 3-11401

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CENSURE; FINE; AND DISGORGEMENT, PLUS PREJUDGEMENT INTEREST.

**Resolution:** Order

**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 \$1,116,402.50  
 Disgorgement/Restitution  
 Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:**

IT IS ORDERED: A. PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, THAT RESPONDENT IS CENSURED; B. PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 21C OF THE EXCHANGE ACT, THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, AND RULE 10B-10 UNDER THE EXCHANGE ACT; C. WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, RESPONDENT SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,116,402.50 TO THE UNITED STATES TREASURY; D. RESPONDENT SHALL PAY DISGORGEMENT AND PREJUDGMENT INTEREST; AND E. NOT LATER THAN 6 MONTHS AFTER THE DATE OF THIS ORDER, UNLESS OTHERWISE EXTENDED BY THE SEC FOR GOOD CAUSE SHOWN, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO THE SEC THAT RESPONDENT HAS IMPLEMENTED PROCEDURES, AND A SYSTEM FOR APPLYING PROCEDURES, THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES BY RESPONDENT TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS, BASED ON INFORMATION REASONABLY ASCERTAINABLE BY RESPONDENT.

**Regulator Statement**

RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE SEC'S JURISDICTION, AND CONSENTED TO THE ENTRY OF THIS ORDER. THE SEC FINDS THAT: DURING 2001 AND 2002 (THE "RELEVANT PERIOD"), RESPONDENT SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTIONS IN FRONT-END LOADS, OR SALES CHARGES, ALSO KNOWN AS "BREAKPOINT" DISCOUNTS, DESCRIBED IN THE PROSPECTUSES OF THE FUNDS. ACCORDING TO DATA SUBMITTED TO NASD BY RESPONDENT, RESPONDENT IS ESTIMATED TO HAVE FAILED TO GIVE CERTAIN CUSTOMERS BREAKPOINT DISCOUNTS TOTALING APPROXIMATELY \$2,232,805 DURING THE RELEVANT PERIOD. BY FAILING TO DISCLOSE TO CERTAIN CUSTOMERS THAT THEY WERE NOT RECEIVING THE BENEFIT OF



APPLICABLE BREAKPOINT DISCOUNTS, RESPONDENT WILLFULLY VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT. FURTHER, BECAUSE RESPONDENT DID NOT CHARGE THESE CUSTOMERS THE CORRECT SALES LOADS AS SET FORTH IN THE MUTUAL FUNDS' PROSPECTUSES, AND ALSO DID NOT DISCLOSE IN CONFIRMATIONS THE REMUNERATION RESPONDENT RECEIVED FROM THE SALES LOADS CHARGED TO THESE CUSTOMERS, RESPONDENT WILLFULLY VIOLATED RULE 10B-10 UNDER THE EXCHANGE ACT.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE PROCEEDING RELEASE NOS. 33-8371 AND 34-49232, DATED FEBRUARY 12, 2004: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION" OR "SEC") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTIONS 15(B)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LINSKO/PRIVATE LEDGER CORP. ("RESPONDENT").

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 02/12/2004

**Docket/Case Number:** 3-11401

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CENSURE; FINE; AND DISGORGEMENT, PLUS PREJUDGEMENT INTEREST

**Resolution:** Order

**Resolution Date:** 02/12/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,116,402.50  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** CEO CERTIFICATION WITHIN 6 MONTHS



**Sanction Details:**

IT IS ORDERED: A. PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, THAT RESPONDENT IS CENSURED; B. PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 21C OF THE EXCHANGE ACT, THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, AND RULE 10B-10 UNDER THE EXCHANGE ACT; C. WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, RESPONDENT SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,116,402.50 TO THE UNITED STATES TREASURY; D. RESPONDENT SHALL PAY DISGORGEMENT AND PREJUDGMENT INTEREST; AND E. NOT LATER THAN 6 MONTHS AFTER THE DATE OF THIS ORDER, UNLESS OTHERWISE EXTENDED BY THE SEC FOR GOOD CAUSE SHOWN, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO THE SEC THAT RESPONDENT HAS IMPLEMENTED PROCEDURES, AND A SYSTEM FOR APPLYING PROCEDURES, THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES BY RESPONDENT TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS, BASED ON INFORMATION REASONABLY ASCERTAINABLE BY RESPONDENT.

**Disclosure 117 of 124**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD CONDUCT RULE 2110 - RESPONDENT MEMBER SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTION IN THE FRONT-END LOADS, OR SALES CHARGES DESCRIBED IN THE PROSPECTUSES OF THE FUNDS; FAILED TO GIVE ITS CUSTOMERS BREAKPOINT DISCOUNTS IN 35.64% OF ELIGIBLE MUTUAL FUND TRANSACTIONS IN 2001 AND 2002, THAT RESULTED IN MISSED BREAKPOINTS THAT WOULD HAVE REDUCED CUSTOMERS CHARGES BY AT LEAST \$2,232,805 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:** CAF040005

**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 \$1,116,402.50

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSKO/PRIVATE LEDGER CORP. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$2,232,805, OF WHICH ONE HALF SHALL BE PAID TO NASD AND ONE HALF TO U.S. TREASURY PURSUANT TO RELATED SEC PROCEEDINGS BEING INSTITUTED AGAINST RESPONDENT ON THIS DATE, 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 PROGRAM BY 4/16/04; AND NOT LATER THAN SIX MONTHS AFTER THE DATE OF THIS ORDER, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO NASD THAT RESPONDENT HAS IMPLEMENTED PROCEDURES AND A SYSTEM FOR IDENTIFYING 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:** NASD CONDUCT RULE 2110 - RESPONDENT MEMBER SOLD SHARES



ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTION IN THE FRONT-END LOADS, OR SALES CHARGES DESCRIBED IN THE PROSPECTUSES OF THE FUNDS; FAILED TO GIVE ITS CUSTOMERS BREAKPOINT DISCOUNTS IN 35.64% OF ELIGIBLE MUTUAL FUND TRANSACTIONS IN 2001 AND 2002, THAT RESULTED IN MISSED BREAKPOINTS THAT WOULD HAVE REDUCED CUSTOMERS CHARGES BY APPROXIMATELY \$2,232,805 ON THEIR PURCHASES OF MUTUAL FUND SHARES WITH FRONT-END LOADS DURING THE RELEVANT PERIOD.

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

**Date Initiated:** 02/12/2004

**Docket/Case Number:** CAF040005

**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, UNDERTAKING

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

**Resolution Date:** 02/12/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,232,805.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LINSKO/PRIVATE LEDGER CORP. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$2,232,805, OF WHICH ONE HALF SHALL BE PAID TO NASD AND ONE HALF TO U.S. TREASURY PURSUANT TO RELATED SEC PROCEEDINGS BEING INSTITUTED AGAINST RESPONDENT ON THIS DATE, 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 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 IDENTIFYING 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.

#### Disclosure 118 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULE 2110 AND MARKETPLACE RULE 6240(A)(2)-RESPONDENT MEMBER LINSKO/PRIVATE LEDGER CORP. FAILED TO REPORT TO FIXED INCOME PRICING SYSTEM ("FIPS") TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION. THESE LATE TRANSACTIONS CONSTITUTED APPROXIMATELY 96 PERCENT OF ALL TRANSACTIONS IN FIPS SECURITIES THAT THE FIRM WAS OBLIGATED TO REPORT TO FIPS DURING THE REVIEW PERIOD.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	03/27/2003
<b>Docket/Case Number:</b>	CMS030072
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED TYPE OF FINANCIAL PRODUCT.
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/27/2003
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT LINSKO/PRIVATE LEDGER CORP. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: FINED \$5,000.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO REPORT TO FIPS 23 TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	03/27/2003
<b>Docket/Case Number:</b>	CMS030072
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	FIXED INCOME SECURITY
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ACCEPTANCE, WAIVER & CONSENT (AWC)
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/27/2003
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THEREFORE, THE FIRM WAS FINED \$5,000.
<b>Firm Statement</b>	MATTER AROSE FROM AN ERROR IN REPORTING 23 TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION.

#### Disclosure 119 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULES 2110 AND 3010 - RESPONDENT MEMBER'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING COMMUNICATIONS WITH THE PUBLIC VIA ELECTRONIC MEDIA.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



**Date Initiated:** 02/13/2003  
**Docket/Case Number:** CMS030029  
**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:** 02/13/2003  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:** UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$5,000 AND SHALL UNDERTAKE TO REVISE IT'S WRITTEN SUPERVISORY PROCEDURES CONCERNING COMMUNICATIONS WITH THE PUBLIC VIA ELECTRONIC MEDIA.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** NASD CONDUCT RULES 2110 AND 3010 - RESPONDENT MEMBER'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING COMMUNICATIONS WITH THE PUBLIC VIA ELECTRONIC MEDIA.  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 02/13/2003  
**Docket/Case Number:** CMS030029  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other



<b>Other Sanction(s)/Relief Sought:</b>	ACCEPTANCE, WAIVER & CONSENT (AWC)
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/13/2003
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS FINED \$5000 AND SHALL UNDERTOOK TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING COMMUNICATIONS WITH THE PUBLIC VIA ELECTRONIC MEDIA.
<b>Firm Statement</b>	MATTER AROSE OUT OF REPRESENTATIVE'S UNAUTHORIZED PARTICIPATION/POSTINGS ON ELECTRONIC BULLETIN BOARDS.

#### Disclosure 120 of 124

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE STATE OF GEORGIA CITED PLFS FOR VIOLATION OF O.C.G.A. 10-5-12-(A)(1) OF THE ACT, ALLEGING THAT PLFS OFFERED FOR SALE AND SOLD SECURITIES WHICH WERE NOT EFFECTIVELY REGISTERED OR EXEMPT FROM REGISTRATION.
<b>Initiated By:</b>	GEORGIA COMMISSIONER OF SECURITIES
<b>Date Initiated:</b>	05/14/1986
<b>Docket/Case Number:</b>	50-86-9529(A)
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	PRIVATE LEDGER FINANCIAL SERVIES (PLFS) AGREED TO REIMBURSE THE COMMISSIONER IN THE AMOUNT OF \$1,000.00.
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ORDER OF SETTLEMENT
<b>Resolution:</b>	Order



**Resolution Date:** 05/14/1986

**Sanctions Ordered:** Cease and Desist/Injunction

**Other Sanctions Ordered:** PRIVATE LEDGER FINANCIAL SERVICES AGREED TO REIMBURSE THE COMMISSIONER IN THE AMOUNT OF \$1,000.00 AND AGREED TO CEASE AND DESIST FROM VIOLATING O.C.G.A. 10-5-12(A)(1).

**Sanction Details:** REIMBURSED THE COMMISSIONER \$1,000.00

**Firm Statement** ON MAY 14, 1986 PLFS CONSENTED TO THE ENTRY OF AN ORDER OF SETTLEMENT IN THE STATE OF GEORGIA. THE STATE OF GEORGIA CITED PLFS FOR VIOLATION OF O.C.G.A. 10-5-12(A)(1) OF THE ACT, ALLEGING THAT PLFS OFFERED FOR SALE AND AOLD SECURITIES WHICH WERE NOT EFFECTIVELY REGISTERED NOR EXEMPT FROM REGISTRATION. PLFS REIMBURSED THE COMMISSIONER IN THE AMOUNT OF \$1,000 AND AGREED TO CEASE AND DESIST WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS OF FACT OF CONCLUSIONS OF LAW. STATE OF GEORGIA NO 50-86-9529(A).

#### Disclosure 121 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** A NOTICE OF INTENT TO INVOKE ADMINISTRATIVE SANCTIONS WAS FILED ON MAY 28, 1997. THE ACTION WAS IN REGARD TO RESPONDENT'S ALLEDGED FAILURE TO ADEQUATELY SUPERVISE MARK SIGURDSON. PURSUANT TO A CONSENT ORDER, RESPONDENT AGREED TO OFFER PARTIAL RESTITUTION TO FOUR CUSTOMERS IN THE AMOUNT OF \$39,644.

**Initiated By:** KANSAS SECURITIES COMMISSIONER

**Date Initiated:** 05/28/1997

**Docket/Case Number:** 95-2984/97E179

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** NON SPECIFIC SECURITY

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

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





**Resolution:** Consent  
**Resolution Date:** 12/01/1998  
**Sanctions Ordered:** Disgorgement/Restitution  
**Other Sanctions Ordered:**  
**Sanction Details:** NOT PROVIDED  
**Regulator Statement** CONTACT: DAVE RUHNKE; 785-296-3307

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** 1) FAILURE TO SUPERVISE A SALES AGENT  
 2) FILING A MATERIALLY FALSE REPORT (FORM U-5)  
**Initiated By:** KANSAS SECURITIES COMMISSION  
**Date Initiated:** 05/28/1997  
**Docket/Case Number:** 97E179  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** PRINCIPAL SANCTION - ORDER.  
**Resolution:** Order  
**Resolution Date:** 12/01/1998  
**Sanctions Ordered:** Disgorgement/Restitution  
**Other Sanctions Ordered:** LPL ENTERED INTO A STIPULATION FOR CONSENT ORDER THAT RESOLVED THIS MATTER WITHOUT PAYMENT OF A FINE OR CENSURE. LPL AGREED TO REVIEW CERTAIN OF ITS PROCEDURES AND TO MAKE ANY MODIFICATIONS THAT LPL DETERMINES TO BE REASONABLE & NOT OVERLY BURDENSOME. LPL ALSO AGREED TO OFFER PARTIAL RESTITUTION TO CERTAIN CUSTOMER OF LPL'S FORMER REP. RESTITUTION WAS LESS THAN \$40,000.00.  
**Sanction Details:** LPL ENTERED INTO STIPULATION FOR CONSENT ORDER THAT RESOLVED THIS MATTER WITHOUT PAYMENT OF A FINE OR CENSURE. RESTITUTION WAS LESS THAN \$40,000.00.



**Firm Statement** CLOSED

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### Disclosure 122 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** VIOLATIONS OF SECTIONS 305(a)(vii) & (ix) OF THE PENNSYLVANIA SECURITIES ACT.

**Initiated By:** PENNSYLVANIA SECURITIES COMMISSION

**Date Initiated:** 10/09/1996

**Docket/Case Number:** 9501-04LC

**URL for Regulatory Action:**

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 10/09/1996

**Sanctions Ordered:**

**Other Sanctions Ordered:**

**Sanction Details:** THE COMMISSION ORDERED LINSKO PRIVATE LEDGER TO ENGAGE AN INDEPENDENT CONSULTANT, ACCEPTABLE TO COMMISSION STAFF, TO CONDUCT A REVIEW OF EXISTING PROCEDURES, PRACTICES AND POLICIES CONCERNING THEIR PENNSYLVANIA OFFICE AND THEIR SUPERVISION OF ITS PENNSYLVANIA OPERATIONS; ORDERED LINSKO PRIVATE LEDGER TO PAY \$19,304.94 IN COSTS AND TO COMPLY WITH THE PENNSYLVANIA SECURITIES ACT IN THE FUTURE.

**Regulator Statement** LINSKO PRIVATE LEDGER FAILED TO MAINTAIN AND ENFORCE CERTAIN OF THEIR WRITTEN PROCEDURES. ALSO THAT LINSKO PRIVATE LEDGER'S REGISTERED REPRESENTATIVE RECOMMENDED TO TWO CUSTOMERS, THE PURCHASE, SALE OR EXCHANGE OF SECURITIES WITHOUT



REASONABLE GROUNDS TO BELIEVE THAT THEY WERE SUITABLE FOR THE CUSTOMERS. FURTHER, THAT LINSICO PRIVATE LEDGER FAILED TO EXERCISE DILIGENT SUPERVISION OVER THE SECURITIES ACTIVITIES OF ONE OF ITS REGISTERED REPRESENTATIVES. CONTACT: TRACY L. WRIGHT (717) 783-5177

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** PROCEEDING WAS BASED ON CONDUCT OF AN AGENT FORMERLY LICENSED WITH LPL AND ONE OF ITS PREDECESSOR FIRMS, PRIVATE LEDGER FINANCIAL SERVICES (PLFS). THE PSC FOUND THAT:1)THE AGENT ACTED AS THE MANAGER OF A PLFS BRANCH OFFICE FROM NOVEMBER 1987 TO OCTOBER 1988 WITHOUT THE APPROPRIATE SECURITIES LICENSE; 2)LPL WAS UNABLE IN 1994 TO PRODUCE THE FOLLOWING: A NEW ACCOUNT FORM FOR ONE CUSTOMER, A COMPLETE NEW ACCOUNT FORM FOR ANOTHER CUSTOMER, A CHRONOLOGICAL LISTING OF INVESTMENTS FOR ALL THE AGENT'S CUSTOMER, AND SUBSCRIPTION AGREEMENTS FOR TWO LIMITED PARTNERSHIP TRANSACTIONS EFFECTED BY THE AGENT;AND 3)THE AGENT SOLD TO TWO CUSTOMERS INTERESTS IN APPROXIMATELY 13 AND 19 LIMITED PARTNER SHIPS, RESPECTIVELY, WITHOUT A RESONABLE BASIS FOR BELIEVING THAT THE TRANSACTIONS WERE SUITABLE FOR THE CUSTOMERS.

**Initiated By:** PENNSYLVANIA SECURITIES COMMISSION "PSC"

**Date Initiated:** 10/09/1996

**Docket/Case Number:** 9501-04LC

**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** PRINICPAL SANCTION WAS AN ORDER. LPL CONSENTED TO ENTRY OF AN ORDER REQUIRING IT TO ENGAGE AN INDEPENDENT CONSULTANT TO REVEIW ITS EXISTING COMPLIANCE POLICIES AND PROCEDURES, PAY INVESTIGATIVE COSTS OF \$19,304.94, AND COMPLY WITH THE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT OF 1972 AND RELATED REGULATIONS.



<b>Resolution:</b>	Order
<b>Resolution Date:</b>	10/09/1996
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	NO SANCTION. FIRM AGREED TO PAY INVESTIGATIVE COSTS OF \$19304.94.
<b>Sanction Details:</b>	NO SANCTION. FIRM AGREED TO PAY INVESTIGATIVE COSTS OF \$19304.94.
<b>Firm Statement</b>	CLOSED

#### Disclosure 123 of 124

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	MICHIGAN
<b>Date Initiated:</b>	06/06/1984
<b>Docket/Case Number:</b>	82-66-S
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	06/06/1984
<b>Sanctions Ordered:</b>	Censure
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	THE RESPONDENT EMPLOYED UNREGISTERED AGENTS WHICH IS A VIOLATION OF SECTION 201(b) OF THE ACT. THE AGENTS WHILE IN THE EMPLOY AND ON BEHALF OF THE RESPONDENT, MADE OFFERS AND SALES



OF VARIOUS SECURITIES. PURSUANT TO SECTION 204(A) OF THE ACT,  
THE RESPONDENT BE HEREBY CENSURED. CASE #82-66-S

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** BUREAU ALLEGED THAT TWO AGENTS OF PRIVATE LEDGER FINANCIAL SERVICES (PLFS) OFFERED FOR SALE AND SOLD SECURITIES THAT WERE NOT EFFECTIVELY REGISTERED OR EXEMPT FROM REGISTRATION.

**Initiated By:** MICHIGAN CORPORATIONS AND SECURITIES BUREAU

**Date Initiated:** 05/20/1984

**Docket/Case Number:** 82-66-S

**Principal Product Type:** Other

**Other Product Type(s):** LICENSING MATTER

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

**Other Sanction(s)/Relief Sought:** RESTITUTION OF \$11,163.00.

**Resolution:** Consent

**Resolution Date:** 05/20/1984

**Sanctions Ordered:** Censure  
Disgorgement/Restitution

**Other Sanctions Ordered:** NO SANCTION RESTITUTION OF 11,163.00 WAS PAID

**Sanction Details:** NO SANCTION RESTITUTION OF 11,163.00 WAS PAID

**Firm Statement** PRIVATE LEDGER FINANCIAL SERVICES INC. (PLFS) WAS CENSURED BY MICHIGAN CORPORATIONS AND SECURITIES BUREAU AND ORDERED TO PAY RESTITUTION OF 11,163.00 TO MICHIGAN CLIENT. CLIENT WAS SOLD VARIOUS SECURITIES BY TWO PLFS AGENTS WHO WERE NOT AT THE TIME OF SALE REGISTERED IN MICHIGAN, A VIOLATION OF SECTION 201(B) OF THE MICHIGAN SECURITIES ACT. BOTH AGENTS WERE TERMINATED FROM PLFS. MICHIGAN CASE 82-66-S, DATED MAY 20, 1984.

#### Disclosure 124 of 124

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:****Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**Date Initiated:** 02/14/1980**Docket/Case Number:** CA-793**Principal Product Type:****Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision**Resolution Date:** 07/18/1980**Sanctions Ordered:** Censure  
Monetary/Fine \$250.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement** COMPLAINT #CA-793 FILED 02/14/80  
DIST. #2N  
DECISION 06/04/80: CENSURED; FINED \$500 AND ASSESSED COSTS  
OF \$252.10 ONE-HALF EACH  
07/18/80: TO BE FINAL  
FINES & COSTS 01/14/81 FC#7822 PD  
APPEAL ACTION 06/17/80: APPEALED TO B/G**Reporting Source:** Firm**Current Status:** Final**Allegations:** NASD ALLEGED THAT PRIVATE LEDGER FINANCIAL SERVICES (PLFS)  
FAILED TO SUPERVISE A BRANCH OFFICE WITH RESPECT TO USE OF  
STATIONARY AND BUSINESS CARDS AND FOR THE FAILURE TO USE PLFS'S  
NAME ON THE FRONT DOOR OF THE BRANCH OFFICE AND IN  
A PHONE BOOK LISTING.**Initiated By:** NASD DISTRICT BUSINESS CONDUCT COMMITTEE**Date Initiated:** 06/04/1980



**Docket/Case Number:** CA-793

**Principal Product Type:** Other

**Other Product Type(s):** ADVERTISEMENT

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

**Other Sanction(s)/Relief Sought:** FINE OF \$500.00

**Resolution:** Consent

**Resolution Date:** 06/04/1980

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

**Other Sanctions Ordered:** NONE

**Sanction Details:** NO SANCTION A \$500 FINE

**Firm Statement** ON JUNE 4, 1980 THE NASD DISTRICT BUSINESS CONDUCT COMMITTEE CENSURED AND FINED PLFS \$500 FOR FAILURE TO SUPERVISE A BRANCH OFFICE WITH RESPECT TO THE USE OF STATIONARY AND BUSINESS CARDS AND FOR FAILURE TO USE THE NAME OF PLFS ON THE FRONT DOOR OF THE BRANCH OFFICE AND IN THE PHONE BOOK LISTING.



## Regulatory - Pending

This type of disclosure event may include a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Pending
<b>Allegations:</b>	THE DIVISION ALLEGED RESPONDENT ENGAGED IN DISHONEST OR UNETHICAL PRACTICES UNDER SECTION 61-1-6(2)(A)(II)(G) OF THE UTAH UNIFORM SECURITIES ACT (ACT) AND FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE ACT.
<b>Initiated By:</b>	UTAH
<b>Date Initiated:</b>	04/05/2018
<b>Docket/Case Number:</b>	SD-18-0013
<b>URL for Regulatory Action:</b>	<a href="HTTPS://SECURITIES.UTAH.GOV/DOCKETS/18001301.PDF">HTTPS://SECURITIES.UTAH.GOV/DOCKETS/18001301.PDF</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Pending
<b>Allegations:</b>	IN 2015 AND 2016 THE UTAH DIVISION OF SECURITIES ("THE DIVISION") CONDUCTED EXAMINATIONS OF BROKER-DEALERS TRANSACTING BUSINESS IN UTAH ON THE PREMISES OF CYPRUS CREDIT UNION INC. AND MOUNTAIN AMERICA CREDIT UNION. THE DIVISION FOUND THAT LPL FAILED TO COMPLY WITH THE REGULATORY REQUIREMENTS GOVERNING NETWORKING ARRANGEMENTS BETWEEN BROKER-DEALERS AND CREDIT UNIONS, APPROVED THE USE OF MISLEADING SALES AND ADVERTISING MATERIALS AND OTHER INFORMATION PROVIDED TO CUSTOMERS AND PUBLIC, FAILED TO FOLLOW AND ENFORCE ITS POLICIES AND PROCEDURES, AND FAILED TO REASONABLY SUPERVISE THE BUSINESS RUN THROUGH THE CREDIT UNIONS.
<b>Initiated By:</b>	UTAH DIVISION OF SECURITIES





**Date Initiated:** 04/04/2018  
**Docket/Case Number:** SD-18-0013  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINE

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

### Disclosure 1 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/03/2000
<b>Case Number:</b>	<a href="#">00-01420</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$490,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	06/14/2001
<b>Sum of All Relief Awarded:</b>	\$448,939.00

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 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/31/2000
<b>Case Number:</b>	<a href="#">00-03725</a>

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$1,500,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/22/2002  
**Sum of All Relief Awarded:** \$2,500.00

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

#### Disclosure 3 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** NASD  
**Case Initiated:** 10/15/2001  
**Case Number:** [01-05344](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$330,441.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/11/2002  
**Sum of All Relief Awarded:** \$389,428.00

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 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE



**Arbitration Forum:** NASD  
**Case Initiated:** 11/07/2001  
**Case Number:** [01-05749](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$316,839.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/26/2003  
**Sum of All Relief Awarded:** \$324,774.00

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 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** NASD  
**Case Initiated:** 12/06/2001  
**Case Number:** [01-05880](#)  
**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS  
**Sum of All Relief Requested:** \$900,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/11/2003  
**Sum of All Relief Awarded:** \$395,468.01

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 54

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 12/20/2001

**Case Number:** [01-06809](#)

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

**Sum of All Relief Requested:** \$75,981.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/23/2002

**Sum of All Relief Awarded:** \$140,519.00

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

#### Disclosure 7 of 54

**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:** 11/26/2002

**Case Number:** [02-06895](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$700,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 11/21/2003

**Sum of All Relief Awarded:** \$237,687.51

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 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/17/2003
<b>Case Number:</b>	<a href="#">03-00265</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$242,907.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	05/24/2004
<b>Sum of All Relief Awarded:</b>	\$44,800.01

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 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/22/2003
<b>Case Number:</b>	<a href="#">03-02949</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$2,050,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY

**Disposition Date:** 12/23/2004

**Sum of All Relief Awarded:** \$208,000.00

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

#### Disclosure 10 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 06/02/2003

**Case Number:** [03-03366](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$326,993.65

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/21/2004

**Sum of All Relief Awarded:** \$20,375.00

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 54

**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:** 09/29/2003

**Case Number:** [03-05803](#)



**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$5,907,083.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/26/2005

**Sum of All Relief Awarded:** \$289,636.00

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 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** NASD

**Case Initiated:** 01/03/2004

**Case Number:** [03-09127](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$107,200.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/17/2005

**Sum of All Relief Awarded:** \$371,938.03

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 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-MARGIN CALLS





**Arbitration Forum:** NASD  
**Case Initiated:** 03/30/2004  
**Case Number:** [04-02078](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$252,876.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/24/2005  
**Sum of All Relief Awarded:** \$115,000.00

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

#### Disclosure 14 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER  
**Arbitration Forum:** NASD  
**Case Initiated:** 10/28/2004  
**Case Number:** [04-07182](#)  
**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$20,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/08/2005  
**Sum of All Relief Awarded:** \$25,425.01

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 54

**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:** 11/10/2004

**Case Number:** [04-07713](#)

**Disputed Product Type:** ANNUITIES; GOVERNMENT SECURITIES; MUNICIPAL BONDS; MUTUAL FUNDS

**Sum of All Relief Requested:** \$1,500,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/27/2005

**Sum of All Relief Awarded:** \$1,344,049.00

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 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 01/27/2005

**Case Number:** [04-08505](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$2,798,229.66

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/23/2006

**Sum of All Relief Awarded:** \$211,621.01

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 54**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/26/2005
<b>Case Number:</b>	<a href="#">05-02716</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$100,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	02/15/2006
<b>Sum of All Relief Awarded:</b>	\$15,000.00

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

**Disclosure 18 of 54**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/03/2005
<b>Case Number:</b>	<a href="#">05-03949</a>
<b>Disputed Product Type:</b>	ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$210,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	06/27/2006



**Sum of All Relief Awarded:** \$45,000.01

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

#### Disclosure 19 of 54

**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-TRANSFER

**Arbitration Forum:** NASD

**Case Initiated:** 08/29/2006

**Case Number:** [06-03110](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$46,373.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/04/2007

**Sum of All Relief Awarded:** \$11,990.01

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

#### Disclosure 20 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** DO NOT USE-NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES

**Arbitration Forum:** FINRA

**Case Initiated:** 09/27/2007

**Case Number:** [07-02717](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$4,230,000.00



**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/20/2008  
**Sum of All Relief Awarded:** \$1,300,000.00

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

#### Disclosure 21 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 06/18/2009  
**Case Number:** [09-02735](#)  
**Disputed Product Type:** ANNUITIES  
**Sum of All Relief Requested:** \$8,293.44  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 01/19/2010  
**Sum of All Relief Awarded:** \$8,455.94

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

#### Disclosure 22 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 10/29/2009  
**Case Number:** [09-05512](#)



**Disputed Product Type:** COMMON STOCK  
**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/13/2010  
**Sum of All Relief Awarded:** \$87,255.00

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

#### Disclosure 23 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 01/14/2010  
**Case Number:** [09-06815](#)  
**Disputed Product Type:** ANNUITIES  
**Sum of All Relief Requested:** \$28,893.89  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/24/2010  
**Sum of All Relief Awarded:** \$20,808.60

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

#### Disclosure 24 of 54

**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; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE



**Arbitration Forum:** FINRA  
**Case Initiated:** 01/08/2010  
**Case Number:** [09-06873](#)  
**Disputed Product Type:** MUTUAL FUNDS  
**Sum of All Relief Requested:** \$1,470.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/30/2010  
**Sum of All Relief Awarded:** \$1,431.93

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

#### Disclosure 25 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;  
ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-  
NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 02/01/2011  
**Case Number:** [11-00347](#)  
**Disputed Product Type:**  
**Sum of All Relief Requested:** \$8,000,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/10/2012  
**Sum of All Relief Awarded:** \$1,367,000.00

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

#### Disclosure 26 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION



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

**Arbitration Forum:** FINRA

**Case Initiated:** 04/06/2011

**Case Number:** [11-01036](#)

**Disputed Product Type:** OTHER TYPES OF SECURITIES; REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$150,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/06/2012

**Sum of All Relief Awarded:** \$141,250.00

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

#### Disclosure 27 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 07/20/2011

**Case Number:** [11-02607](#)

**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS

**Sum of All Relief Requested:** \$35,972.07

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/08/2012

**Sum of All Relief Awarded:** \$5,575.00

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





#### Disclosure 28 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	11/15/2012
<b>Case Number:</b>	<a href="#">12-03853</a>
<b>Disputed Product Type:</b>	MUTUAL FUNDS; VARIABLE ANNUITIES
<b>Sum of All Relief Requested:</b>	\$350,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/07/2015
<b>Sum of All Relief Awarded:</b>	\$95,375.01

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

#### Disclosure 29 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	02/25/2014
<b>Case Number:</b>	<a href="#">13-03624</a>
<b>Disputed Product Type:</b>	COMMON STOCK
<b>Sum of All Relief Requested:</b>	\$49,848.83
<b>Disposition:</b>	AWARD AGAINST PARTY



**Disposition Date:** 11/16/2015

**Sum of All Relief Awarded:** \$37,328.83

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

#### Disclosure 30 of 54

**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:** FINRA

**Case Initiated:** 07/10/2014

**Case Number:** [14-02053](#)

**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$25,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/06/2015

**Sum of All Relief Awarded:** \$6,630.59

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

#### Disclosure 31 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 07/17/2014

**Case Number:** [14-02097](#)



**Disputed Product Type:** OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$3,800,000.01  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/09/2015  
**Sum of All Relief Awarded:** \$725,000.00

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

#### Disclosure 32 of 54

**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:** 05/15/2015  
**Case Number:** [15-01081](#)  
**Disputed Product Type:** CERTIFICATE OF DEPOSIT  
**Sum of All Relief Requested:** \$9,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/10/2015  
**Sum of All Relief Awarded:** \$52,387.01

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

#### Disclosure 33 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



**Arbitration Forum:** FINRA  
**Case Initiated:** 06/29/2015  
**Case Number:** [15-01288](#)  
**Disputed Product Type:** OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/13/2016  
**Sum of All Relief Awarded:** \$78,341.47

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

#### Disclosure 34 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 06/24/2015  
**Case Number:** [15-01327](#)  
**Disputed Product Type:** GINNIE MAES  
**Sum of All Relief Requested:** \$23,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/11/2016  
**Sum of All Relief Awarded:** \$212.50

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

#### Disclosure 35 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE



TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 07/17/2015

**Case Number:** [15-01640](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/06/2016

**Sum of All Relief Awarded:** \$113,427.01

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

#### Disclosure 36 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 08/21/2015

**Case Number:** [15-02117](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/19/2017

**Sum of All Relief Awarded:** \$462,081.61

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

#### Disclosure 37 of 54

**Reporting Source:** Regulator



<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	10/28/2015
<b>Case Number:</b>	<a href="#">15-02765</a>
<b>Disputed Product Type:</b>	EXCHANGE-TRADED FUNDS
<b>Sum of All Relief Requested:</b>	\$250,000.01
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	06/19/2017
<b>Sum of All Relief Awarded:</b>	\$160,000.00

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

#### Disclosure 38 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; DO NOT USE-OTHER-OTHER
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	11/23/2015
<b>Case Number:</b>	<a href="#">15-03018</a>
<b>Disputed Product Type:</b>	CERTIFICATE OF DEPOSIT; COMMON STOCK; MUTUAL FUNDS; OTHER TYPES OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$3,800,000.01
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	09/06/2017



**Sum of All Relief Awarded:** \$600.01

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

#### Disclosure 39 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 01/24/2017

**Case Number:** [17-00071](#)

**Disputed Product Type:** VARIABLE ANNUITIES

**Sum of All Relief Requested:** \$25,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/24/2017

**Sum of All Relief Awarded:** \$22,102.77

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

#### Disclosure 40 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** FINRA

**Case Initiated:** 02/22/2017

**Case Number:** [17-00454](#)

**Disputed Product Type:** 401(K); COMMON STOCK; EXCHANGE-TRADED FUNDS; OTHER TYPES OF



## SECURITIES

**Sum of All Relief Requested:** \$50,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/20/2017  
**Sum of All Relief Awarded:** \$25,000.00

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

## Disclosure 41 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 05/10/2017  
**Case Number:** [17-00905](#)  
**Disputed Product Type:** MUTUAL FUNDS  
**Sum of All Relief Requested:** \$3,573.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/26/2017  
**Sum of All Relief Awarded:** \$193.00

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

## Disclosure 42 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 04/18/2017



**Case Number:** [17-00926](#)  
**Disputed Product Type:** COMMON STOCK; OPTIONS; PRIVATE EQUITIES  
**Sum of All Relief Requested:** \$9,064.03  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/22/2017  
**Sum of All Relief Awarded:** \$10,889.04

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

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#### Disclosure 43 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; TRADING DISPUTES-OTHER  
**Arbitration Forum:** FINRA  
**Case Initiated:** 04/16/2018  
**Case Number:** [18-01192](#)  
**Disputed Product Type:** COMMON STOCK; GOVERNMENT SECURITIES; MUTUAL FUNDS; OTHER TYPES OF SECURITIES; UNIT INVESTMENT TRUST  
**Sum of All Relief Requested:** \$7,803.09  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/21/2018  
**Sum of All Relief Awarded:** \$6,212.50

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

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#### Disclosure 44 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** DO NOT USE-NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD



**Case Initiated:** 05/04/1988  
**Case Number:** [88-01184](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$124,452.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/27/1990  
**Sum of All Relief Awarded:** \$18,012.50

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

#### Disclosure 45 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY  
**Arbitration Forum:** NASD  
**Case Initiated:** 01/01/1988  
**Case Number:** [88-03298](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$20,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/19/1989  
**Sum of All Relief Awarded:** \$30,540.00

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

#### Disclosure 46 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION



OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD  
**Case Initiated:** 10/25/1991  
**Case Number:** [91-03118](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$53,675.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/27/1992  
**Sum of All Relief Awarded:** \$45,224.00

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

#### Disclosure 47 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** NASD  
**Case Initiated:** 10/28/1991  
**Case Number:** [91-03204](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; OPTIONS; REAL ESTATE INVESTMENT TRUST  
**Sum of All Relief Requested:** \$200,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/07/1992  
**Sum of All Relief Awarded:** \$94,768.00

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

#### Disclosure 48 of 54



**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; DO NOT USE-NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 12/12/1991  
**Case Number:** [91-03796](#)  
**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS  
**Sum of All Relief Requested:** \$10,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 04/20/1992  
**Sum of All Relief Awarded:** \$8,925.00

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

#### Disclosure 49 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 10/19/1992  
**Case Number:** [92-03340](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST  
**Sum of All Relief Requested:** \$65,810.68  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/17/1993  
**Sum of All Relief Awarded:** \$24,320.00

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



#### Disclosure 50 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	03/30/1994
<b>Case Number:</b>	<a href="#">94-00837</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; REAL ESTATE INVESTMENT TRUST
<b>Sum of All Relief Requested:</b>	\$29,894.24
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	03/02/1995
<b>Sum of All Relief Awarded:</b>	\$23,494.24

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

#### Disclosure 51 of 54

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/08/1994
<b>Case Number:</b>	<a href="#">94-03891</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
<b>Sum of All Relief Requested:</b>	\$20,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	12/28/1995



**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 52 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 08/31/1995

**Case Number:** [95-04120](#)

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

**Sum of All Relief Requested:** \$8,459.08

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/27/1996

**Sum of All Relief Awarded:** \$6,028.57

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

#### Disclosure 53 of 54

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

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

**Arbitration Forum:** NASD

**Case Initiated:** 10/09/1995

**Case Number:** [95-04702](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$12,267.00



**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/15/1996  
**Sum of All Relief Awarded:** \$7,027.00

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

#### Disclosure 54 of 54

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 09/30/1997  
**Case Number:** [97-03730](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$326,350.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/03/1999  
**Sum of All Relief Awarded:** \$148,500.00

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

## Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

### Disclosure 1 of 4

<b>Reporting Source:</b>	Firm
<b>Policy Holder:</b>	LPL FINANCIAL LLC
<b>Bonding Company Name:</b>	MENDES & MOUNT, LLP
<b>Disposition:</b>	Payout
<b>Disposition Date:</b>	06/05/2014
<b>Payout Details:</b>	PAYOUT AMOUNT: \$1,409,410.61. DATE PAID: 06/05/2014.
<b>Firm Statement</b>	INDEMNIFICATION PAYMENTS RECEIVED FROM FIDELITY BOND CARRIER. CLAIMS ARISING FROM PAYMENTS MADE BY INDIVIDUALS TO FORMER BROKER.

### Disclosure 2 of 4

<b>Reporting Source:</b>	Firm
<b>Policy Holder:</b>	LPL FINANCIAL LLC
<b>Bonding Company Name:</b>	FEDERAL INSURANCE COMPANY
<b>Disposition:</b>	Payout
<b>Disposition Date:</b>	11/02/2011
<b>Payout Details:</b>	PAYMENTS TOTALING \$1,279,433.79. DATES OF PAYMENTS: AUGUST 31, 2009 - \$1,080,233.79; JULY 20, 2010 - \$14,000 AND; NOVEMBER 2, 2011 - \$185,200.
<b>Firm Statement</b>	INDEMNIFICATION PAYMENTS RECEIVED FROM FIDELITY BOND CARRIER. CLAIMS ARISING FROM PAYMENTS MADE BY INDIVIDUALS TO FORMER BROKER.

### Disclosure 3 of 4

<b>Reporting Source:</b>	Firm
<b>Policy Holder:</b>	LPL FINANCIAL LLC
<b>Bonding Company Name:</b>	CHUBB - FEDERAL INSURANCE CO.
<b>Disposition:</b>	Payout





**Disposition Date:** 10/18/2011  
**Payout Details:** \$2,000,000 PAID 10/18/2011.  
**Firm Statement** ISSUE RELATED TO NON-PAYMENT OF FUNDS LOANED TO FORMER BROKER.

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#### Disclosure 4 of 4

**Reporting Source:** Firm  
**Policy Holder:** LINSKO / PRIVATE LEDGER CORP.  
**Bonding Company Name:** ZURICH  
**Disposition:** Payout  
**Disposition Date:** 07/27/2007  
**Payout Details:** PAID OUT \$50,000 ON JULY 27,2007.  
**Firm Statement** CLAIM OF MISAPPROPRIATION OF FUNDS BY FORMER REGISTERED REPRESENTATIVE.

## End of Report



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