

BrokerCheck Report

INDEPENDENT FINANCIAL GROUP, LLC

CRD# 7717

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

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

About BrokerCheck®



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

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

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



INDEPENDENT FINANCIAL GROUP, LLC

CRD# 7717

SEC# 8-22870

Main Office Location

12671 HIGH BLUFF DRIVE
SUITE 200
SAN DIEGO, CA 92130
Regulated by FINRA Los Angeles Office

Mailing Address

12671 HIGH BLUFF DRIVE
SUITE 200
SAN DIEGO, CA 92130

Business Telephone Number

858-436-3180

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 Delaware on 07/09/2001.

Its fiscal year ends in December.

Firm History

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

Firm Operations

This firm is registered with:

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

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

This firm conducts 14 types of businesses.

This firm is not affiliated with any financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	9
Bond	1



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 07/09/2001.

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.

INDEPENDENT FINANCIAL GROUP, LLC

Doing business as INDEPENDENT FINANCIAL GROUP, LLC

CRD# 7717

SEC# 8-22870

Main Office Location

12671 HIGH BLUFF DRIVE
SUITE 200
SAN DIEGO, CA 92130

Regulated by FINRA Los Angeles Office

Mailing Address

12671 HIGH BLUFF DRIVE
SUITE 200
SAN DIEGO, CA 92130

Business Telephone Number

858-436-3180



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):	INDEPENDENT FINANCIAL GROUP, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	12/2003
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):	FISCHER, DAVID ALLEN 1634222
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR
Position Start Date	10/2005
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):	HALL, DOUGLAS CHRISTOPHER 2577937
Is this a domestic or foreign entity or an individual?	Individual
Position	CCO
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? No

Is this a public reporting company? No

Legal Name & CRD# (if any): HEISING, SCOTT ALLEN
2192259

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

Position MANAGING DIRECTOR/CHIEF FINANCIAL OFFICER/FINOP

Position Start Date 04/2003

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): KREISMAN, SARAH JILL
2671706

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

Position CHIEF LEGAL COUNSEL/VP, COMPLIANCE,

Position Start Date 06/2018

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): MILLER, JOE HENRY JR

Firm Profile



Direct Owners and Executive Officers (continued)

	1172989
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER
Position Start Date	06/2004
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): PEARSON, TROY DALE
2413897

Is this a domestic or foreign entity or an individual?	Individual
Position	ROSFP
Position Start Date	06/2004
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any): THOMAS, DANNY EARL
2458330

Is this a domestic or foreign entity or an individual?	Individual
Position	CCO-ADVISORY
Position Start Date	05/2021
Percentage of Ownership	Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

Firm Profile

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



Indirect Owners

No information reported.

Firm History

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

No information reported.





Firm Operations

Registrations

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

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

Federal Regulator	Status	Date Effective
SEC	Approved	08/10/1978

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	11/24/1978



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	10/02/2003	North Carolina	Approved	11/18/2003
Alaska	Approved	08/11/2004	North Dakota	Approved	03/01/2004
Arizona	Approved	04/23/2002	Ohio	Approved	12/02/2003
Arkansas	Approved	03/02/2004	Oklahoma	Approved	06/20/2005
California	Approved	04/14/2003	Oregon	Approved	11/24/2003
Colorado	Approved	11/21/2003	Pennsylvania	Approved	05/20/2002
Connecticut	Approved	12/02/2003	Puerto Rico	Approved	07/15/2014
Delaware	Approved	06/16/2005	Rhode Island	Approved	11/24/2003
District of Columbia	Approved	09/19/2005	South Carolina	Approved	09/10/2003
Florida	Approved	05/17/2002	South Dakota	Approved	11/18/2003
Georgia	Approved	12/11/2003	Tennessee	Approved	02/25/2004
Hawaii	Approved	01/14/2004	Texas	Approved	06/07/2002
Idaho	Approved	08/15/2003	Utah	Approved	10/27/2003
Illinois	Approved	07/01/2002	Vermont	Approved	07/29/2005
Indiana	Approved	05/23/2002	Virgin Islands	Approved	07/14/2008
Iowa	Approved	04/13/2004	Virginia	Approved	11/12/2003
Kansas	Approved	05/19/2005	Washington	Approved	05/02/2003
Kentucky	Approved	11/18/2003	West Virginia	Approved	04/26/2002
Louisiana	Approved	11/05/2003	Wisconsin	Approved	12/04/2003
Maine	Approved	11/10/2004	Wyoming	Approved	11/24/2003
Maryland	Approved	04/07/2004			
Massachusetts	Approved	11/21/2003			
Michigan	Approved	12/16/2003			
Minnesota	Approved	05/07/2002			
Mississippi	Approved	11/10/2003			
Missouri	Approved	06/23/2004			
Montana	Approved	11/19/2003			
Nebraska	Approved	03/16/2004			
Nevada	Approved	05/01/2002			
New Hampshire	Approved	09/06/2005			
New Jersey	Approved	11/24/2003			
New Mexico	Approved	06/20/2002			
New York	Approved	11/20/2003			



Firm Operations

Types of Business

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

This firm currently conducts 14 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
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
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Other - SEC REGISTERED INVESTMENT ADVISOR

Other Types of Business

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

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

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	PERSHING LLC
CRD #:	7560
Business Address:	ONE PERSHING PLAZA JERSEY CITY, NJ 07399
Effective Date:	05/16/2003
Description:	INDEPENDENT FINANCIAL GROUP, LLC IS THE INTRODUCING BROKER DEALER ON A FULLY DISCLOSED BASIS TO PERSHING AS ITS CLEARING FIRM.

Firm Operations

Industry Arrangements



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

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399
Effective Date: 05/16/2003
Description: INDEPENDENT FINANCIAL GROUP, LLC IS THE INTRODUCING BROKER DEALER ON A FULLY DISCLOSED BASIS TO PERSHING AS ITS CLEARING FIRM.

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 not, 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.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	9	0
Bond	N/A	1	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 9

Reporting Source: Regulator
Current Status: Final



Allegations: FROM FEBRUARY 2016 THROUGH APRIL 2017, AN INVESTMENT ADVISER REPRESENTATIVE (IAR) FORMERLY AFFILIATED WITH RESPONDENT TRADED IN NON-TRADITIONAL EXCHANGE-TRADED FUNDS ("NON-TRADITIONAL ETFS") IN CERTAIN CLIENT ACCOUNTS. SPECIFICALLY, THE REPRESENTATIVE IMPLEMENTED A BUY-AND-HOLD STRATEGY USING UVXY, A LEVERAGED INVERSE ETF DESIGNED FOR SHORT-TERM USE AND INCURRED SIGNIFICANT LOSSES AS A RESULT. DURING THIS TIME, RESPONDENT FAILED TO HAVE SPECIFIC TRAINING REQUIREMENT REGARDING NON-TRADITIONAL ETFS, FAILED TO HAVE A SUPERVISORY SYSTEM IN PLACE TO MONITOR AND FLAG FOR EXTENDED HOLDING PERIODS RELATED TO LEVERAGED ETFS AND FAILED TO PREVENT THE REPRESENTATIVE FROM PURCHASING MORE THAN 2X LEVERAGED ETFS IN CLIENT ACCOUNTS AT A TIME WHEN THE REPRESENTATIVE WAS NOT APPROVED TO PURCHASE THEM. ACCORDINGLY, TO RESOLVE AN INVESTIGATION BY THE STAFF OF THE TEXAS STATE SECURITIES BOARD, RESPONDENT HAS AGREED TO REFUND \$276,398.42 TO CUSTOMERS AS WELL AS PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$75,000 FOR ITS FAILURE TO HAVE A REASONABLE SUPERVISORY SYSTEM IN PLACE.

Initiated By: TEXAS

Date Initiated: 04/01/2021

Docket/Case Number: IC21-CAF-01

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): LEVERAGED ETFS

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

Other Sanction(s)/Relief Sought: UNDERTAKING

Resolution: Order

Resolution Date: 04/01/2021

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 \$75,000.00

Other Sanctions Ordered:

**Sanction Details:**

RESPONDENT HAS PREVIOUSLY COMPENSATED CERTAIN CLIENTS FOR LOSSES INCURRED DUE TO THE INVESTMENT STRATEGY EMPLOYED BY THE REPRESENTATIVE WITH REGARD TO TRADING IN UVXY.

RESPONDENT UNDERTAKES AND AGREES TO PAY A TOTAL OF TWO-HUNDRED SEVENTY-SIX THOUSAND, THREE-HUNDRED, NINETY-EIGHT DOLLARS AND FORTY-TWO CENTS (\$276,398.42) TO CERTAIN OTHER CLIENTS OF THE REPRESENTATIVE WHOSE ACCOUNTS WERE HEAVILY CONCENTRATED IN UVXY AND LOST MONEY AS A RESULT OF THE INVESTMENT STRATEGY EMPLOYED BY THE REPRESENTATIVE.

RESPONDENT FURTHER UNDERTAKES AND AGREES TO PAY THE PRO RATA AMOUNT APPLICABLE TO EACH AFFECTED CLIENT WITHIN SIXTY (60) DAYS OF THE ENTRY OF THIS ORDER AND PROVIDE LEGAL COUNSEL FOR THE INSPECTIONS AND COMPLIANCE DIVISION OF BOARD WITH EVIDENCE OF PAYMENT WITHIN NINETY (90) DAYS OF THE ENTRY OF SUCH ORDER.

Reporting Source:

Firm

Current Status:

Final

Allegations:

FROM FEBRUARY 2016 THROUGH APRIL 2017, AN INVESTMENT ADVISER REPRESENTATIVE (IAR) FORMERLY AFFILIATED WITH RESPONDENT TRADED IN NON-TRADITIONAL EXCHANGE-TRADED FUNDS ("NON-TRADITIONAL ETFS") IN CERTAIN CLIENT ACCOUNTS. SPECIFICALLY, THE REPRESENTATIVE IMPLEMENTED A BUY-AND-HOLD STRATEGY USING UVXY, A LEVERAGED INVERSE ETF DESIGNED FOR SHORT-TERM USE AND INCURRED SIGNIFICANT LOSSES AS A RESULT. DURING THIS TIME, RESPONDENT FAILED TO HAVE SPECIFIC TRAINING REQUIREMENT REGARDING NON-TRADITIONAL ETFS, FAILED TO HAVE A SUPERVISORY SYSTEM IN PLACE TO MONITOR AND FLAG FOR EXTENDED HOLDING PERIODS RELATED TO LEVERAGED ETFS AND FAILED TO PREVENT THE REPRESENTATIVE FROM PURCHASING MORE THAN 2X LEVERAGED ETFS IN CLIENT ACCOUNTS AT A TIME WHEN THE REPRESENTATIVE WAS NOT APPROVED TO PURCHASE THEM. ACCORDINGLY, TO RESOLVE AN INVESTIGATION BY THE STAFF OF THE TEXAS STATE SECURITIES BOARD, RESPONDENT HAS AGREED TO REFUND \$276,398.42 TO CUSTOMERS AS WELL AS PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$75,000 FOR ITS FAILURE TO HAVE A REASONABLE SUPERVISORY SYSTEM IN PLACE.

Initiated By:

TEXAS

Date Initiated:

04/01/2021

Docket/Case Number:

IC21-CAF-01



Principal Product Type:	Other
Other Product Type(s):	LEVERAGED ETFS
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	UNDERTAKING
Resolution:	Other
Resolution Date:	04/01/2021
Sanctions Ordered:	Monetary/Fine \$75,000.00
Other Sanctions Ordered:	
Sanction Details:	RESPONDENT HAS PREVIOUSLY COMPENSATED CERTAIN CLIENTS FOR LOSSES INCURRED DUE TO THE INVESTMENT STRATEGY EMPLOYED BY THE REPRESENTATIVE WITH REGARD TO TRADING IN UVXY. RESPONDENT UNDERTAKES AND AGREES TO PAY A TOTAL OF TWO-HUNDRED SEVENTY-SIX THOUSAND, THREE-HUNDRED, NINETY-EIGHT DOLLARS AND FORTY-TWO CENTS (\$276,398.42) TO CERTAIN OTHER CLIENTS OF THE REPRESENTATIVE WHOSE ACCOUNTS WERE HEAVILY CONCENTRATED IN UVXY AND LOST MONEY AS A RESULT OF THE INVESTMENT STRATEGY EMPLOYED BY THE REPRESENTATIVE. RESPONDENT FURTHER UNDERTAKES AND AGREES TO PAY THE PRO RATA AMOUNT APPLICABLE TO EACH AFFECTED CLIENT WITHIN SIXTY (60) DAYS OF THE ENTRY OF THIS ORDER AND PROVIDE LEGAL COUNSEL FOR THE INSPECTIONS AND COMPLIANCE DIVISION OF BOARD WITH EVIDENCE OF PAYMENT WITHIN NINETY (90) DAYS OF THE ENTRY OF SUCH ORDER.
Firm Statement	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, INDEPENDENT FINANCIAL GROUP, LLC'S REGISTERED INVESTMENT ADVISORY ENTITY AGREED TO REFUND A PERCENTAGE OF CERTAIN, SPECIFIC CLIENTS' LOSSES BASED ON THEIR AGE AND EXPERIENCE AND NOT BASED ON AN AGREEMENT THAT THE INVESTMENTS THEMSELVES OR THE STRATEGY EMPLOYED BY THE REPRESENTATIVE WAS NOT APPROPRIATE. IN ADDITION, THE ISSUE IS REPORTABLE SOLELY BECAUSE THE FIRM IS A DUAL REGISTRANT. ALL ACTIVITY WAS DONE BY AN INVESTMENT ADVISER REPRESENTATIVE THROUGH THE REGISTERED INVESTMENT ADVISER, NOT THE BROKER-DEALER.

Disclosure 2 of 9

Reporting Source:	Regulator
Current Status:	Final



Allegations: IFG FAILED TO PROPERLY REVIEW AND/OR EVALUATE THE OUTSIDE BUSINESS ACTIVITY REQUEST FILED BY A FORMER REGISTERED AGENT OF IFG, REGARDING THE SALE OF AN UNREGISTERED SECURITY IN VIOLATION OF SDCL 47-31B-102, 47-31B-301, 47-31B-412, FINRA RULE 3270, AND ARSD 20:08:03:06; IFG FAILED TO PROPERLY SUPERVISE, DOCUMENT, AND/OR RETAIN RECORDS OF REGISTERED REP'S OUTSIDE SECURITIES TRANSACTIONS.

Initiated By: SOUTH DAKOTA

Date Initiated: 07/22/2020

Docket/Case Number: 1013886

URL for Regulatory Action: [HTTPS://DLR.SD.GOV/SECURITIES/DOCUMENTS/ADMIN_ACTIONS/2020/INDEPENDENT_FINANCIAL_GROUP_LLC.PDF](https://DLR.SD.GOV/SECURITIES/DOCUMENTS/ADMIN_ACTIONS/2020/INDEPENDENT_FINANCIAL_GROUP_LLC.PDF)

Principal Product Type: Other

Other Product Type(s): PROMISSORY NOTES

Principal Sanction(s)/Relief Sought: Restitution

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 07/22/2020

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 \$18,750.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: IFG AGREES TO PAY \$18,750 IN RESTITUTION. CONSENT ORDER ENTERED INTO 07/22/2020.

Reporting Source: Firm

Current Status: Final

Allegations: IFG FAILED TO PROPERLY REVIEW AND/OR EVALUATE THE OUTSIDE



BUSINESS ACTIVITY REQUEST FILED BY A FORMER REGISTERED AGENT OF IFG, REGARDING THE SALE OF AN UNREGISTERED SECURITY IN VIOLATION OF SDCL 47-31B-102, 47-31B-301, 47-31B-412, FINRA RULE 3270, AND ARSD 20:08:03:06; IFG FAILED TO PROPERLY SUPERVISE, DOCUMENT, AND/OR RETAIN RECORDS OF REGISTERED REP'S OUTSIDE SECURITIES TRANSACTIONS.

Initiated By: SOUTH DAKOTA

Date Initiated: 07/22/2020

Docket/Case Number: 1013886

Principal Product Type: Other

Other Product Type(s): PROMISSORY NOTES

Principal Sanction(s)/Relief Sought: Restitution

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 07/22/2020

Sanctions Ordered: Monetary/Fine \$18,750.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: IFG AGREES TO PAY \$18,750 IN RESTITUTION. CONSENT ORDER ENTERED INTO 07/22/2020.

Firm Statement THE OBLIGATIONS OF MEMBER RECEIVING NOTICE SECTION OF FINRA RULE 3270 READS, IN RELEVANT PART, "UPON RECEIPT OF A WRITTEN NOTICE UNDER RULE 3270, A MEMBER SHALL CONSIDER WHETHER THE PROPOSED ACTIVITY WILL: (1) INTERFERE WITH OR OTHERWISE COMPROMISE THE REGISTERED PERSON'S RESPONSIBILITIES TO THE MEMBER AND/OR THE MEMBER'S CUSTOMERS OR (2) BE VIEWED BY CUSTOMERS OR THE PUBLIC AS PART OF THE MEMBER'S BUSINESS BASED UPON, AMONG OTHER FACTORS, THE NATURE OF THE PROPOSED ACTIVITY AND THE MANNER IN WHICH IT WILL BE OFFERED. BASED ON THE MEMBER'S REVIEW OF SUCH FACTORS, THE MEMBER MUST EVALUATE THE ADVISABILITY OF IMPOSING SPECIFIC CONDITIONS OR LIMITATIONS ON A REGISTERED PERSON'S OUTSIDE BUSINESS ACTIVITY, INCLUDING WHERE CIRCUMSTANCES WARRANT, PROHIBITING THE ACTIVITY. A MEMBER ALSO MUST EVALUATE THE PROPOSED ACTIVITY TO DETERMINE WHETHER THE ACTIVITY PROPERLY IS CHARACTERIZED AS AN OUTSIDE BUSINESS ACTIVITY OR WHETHER IT SHOULD BE TREATED



AS AN OUTSIDE SECURITIES ACTIVITY SUBJECT TO THE REQUIREMENTS OF RULE 3280. A MEMBER MUST KEEP A RECORD OF ITS COMPLIANCE WITH THESE OBLIGATIONS WITH RESPECT TO EACH WRITTEN NOTICE RECEIVED AND MUST PRESERVE THIS RECORD FOR THE PERIOD OF TIME AND ACCESSIBILITY SPECIFIED IN SEA RULE 17A-4(E)(1)."

IN THE SITUATION AT HAND IFG BELIEVED THAT IT BOTH COMPLIED WITH FINRA'S OUTSIDE BUSINESS ACTIVITIES RULE AND WITH ITS OWN INTERNAL POLICIES AND PROCEDURES CONCERNING OUTSIDE BUSINESS ACTIVITIES ("OBAS"). THE REPRESENTATIVE IN QUESTION MISLED THE FIRM ON HIS OBA FORM, WHICH DISCLOSED HE WOULD BE INVOLVED IN MORTGAGES. INSTEAD, CONTRARY TO IFG'S RULES, HE SOLD UNAPPROVED PROMISSORY NOTES. THE REPRESENTATIVE ALSO MISLED HIS IMMEDIATE SUPERVISOR, WHO QUESTIONED HIM ON THE NATURE OF HIS OBA. THE REPRESENTATIVE WAS ONLY APPROVED FOR INVOLVEMENT IN THE ORIGINATION OF MORTGAGES. FINRA RULES DO NOT IMPOSE SUPERVISORY DUTIES ON A REPRESENTATIVE'S OUTSIDE BUSINESS ACTIVITIES THAT DO NOT INVOLVE THE SALE OF SECURITIES. IFG AGREED TO RESTITUTION BASED ON THE CIRCUMSTANCES PRESENTED AND OBTAINED A RELEASE OF LIABILITY IN EXCHANGE FOR ITS PAYMENT, WITHOUT ADMITTING OR DENYING LIABILITY.

Disclosure 3 of 9

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE'S RECOMMENDATIONS OF ALTERNATIVE INVESTMENTS TO CUSTOMERS, INCLUDING SENIOR CUSTOMERS, AND FAILED TO REASONABLY INVESTIGATE RED FLAGS. THE FINDINGS STATED THAT THE REPRESENTATIVE SOLICITED DOZENS OF CUSTOMERS WHO WERE RETIRING OR HAD RETIRED TO LIQUIDATE THEIR 401(K) AND PENSION PLANS AND INVEST THE PROCEEDS WITH HIM AT THE FIRM. THE REPRESENTATIVE THEN RECOMMENDED THAT MANY OF THESE CUSTOMERS CONCENTRATE THEIR RETIREMENT ASSETS IN NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND STRUCTURED NOTES. MANY OF THE CUSTOMERS HAD LITTLE OR NO INVESTMENT EXPERIENCE AND HAD NEVER PURCHASED ALTERNATIVE INVESTMENTS. THE REPRESENTATIVE RECOMMENDED THAT HIS CUSTOMERS MAKE HUNDREDS OF INVESTMENTS IN NON-TRADED REITS AND STRUCTURED PRODUCTS. THE REPRESENTATIVE'S SUPERVISORS OBSERVED AND REPORTED CERTAIN IRREGULARITIES AND CONCERNS RELATING TO HIS RECOMMENDATIONS. FOR EXAMPLE, THERE WERE DISCREPANCIES WITH



THE REPRESENTATIVE'S CUSTOMERS' NEW ACCOUNT DOCUMENTS, SUITABILITY QUESTIONNAIRES AND QUESTIONABLE ASSET ALLOCATIONS. IN ADDITION, NUMEROUS COMPLAINTS AND CUSTOMER ARBITRATIONS WERE FILED AGAINST THE REPRESENTATIVE. ALTHOUGH THESE EVENTS RESULTED IN THE FIRM TWICE IMPLEMENTING A HEIGHTENED SUPERVISION PLAN FOR THE REPRESENTATIVE, NEITHER PLAN WAS REASONABLY EXECUTED. ONE OF THE REPRESENTATIVE'S SUPERVISORS DOCUMENTED ISSUES RELATING TO HIS MISCONDUCT IN HIS NOTES, WHICH HE SHARED WITH OTHERS AT THE FIRM INCLUDING INDIVIDUALS WITHIN ITS COMPLIANCE DEPARTMENT. THE SUPERVISOR'S NOTES HIGHLIGHTED CONCERNS SUCH AS THE USE OF CORRECTIVE TAPE AND LIQUID PAPER ON ACCOUNT DOCUMENTS, TRADES BEING POTENTIALLY MISMARKED AS UNSOLICITED, CUSTOMER SIGNATURES THAT DID NOT MATCH, QUESTIONABLE CHANGES TO CUSTOMER RISK TOLERANCES AND POTENTIALLY UNSUBSTANTIATED INCREASES IN A CUSTOMER'S NET WORTH. NOTWITHSTANDING THE IDENTIFICATION OF THESE ISSUES, THE FIRM PERMITTED THE REPRESENTATIVE TO CONTINUE TO SELL NON-TRADED REITS AND STRUCTURED PRODUCTS TO HIS CUSTOMERS. LATER, ANOTHER SUPERVISOR BEGAN SUPERVISING THE REPRESENTATIVE. THE SECOND SUPERVISOR, HOWEVER, WAS UNAWARE OF THE REPRESENTATIVE'S PRIOR PATTERN OF PAPERWORK IRREGULARITIES AND HIS GROWING NUMBER OF CUSTOMER COMPLAINTS AND ARBITRATIONS. THE SECOND SUPERVISOR ALSO WAS RESPONSIBLE FOR IMPLEMENTING THE REPRESENTATIVE'S SECOND PLAN OF HEIGHTENED SUPERVISION THAT THE FIRM IMPOSED DUE TO THE FILING OF TWO CUSTOMER ARBITRATIONS AGAINST THE REPRESENTATIVE.

Initiated By: FINRA

Date Initiated: 04/08/2021

Docket/Case Number: [2018059223401](#)

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: 04/08/2021



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

Sanctions Ordered: Censure
Monetary/Fine \$200,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$200,000 AND REQUIRED TO CERTIFY, WITHIN 90 DAYS, THAT IT HAS IMPLEMENTED SUPERVISORY SYSTEMS AND WSPS REASONABLY DESIGNED TO ADDRESS ALL AREAS OF CONDUCT IDENTIFIED IN THE AWC AND ACHIEVE COMPLIANCE WITH SUITABILITY REQUIREMENTS FOR ALTERNATIVE INVESTMENTS. FINE PAID IN FULL ON APRIL 20, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE'S RECOMMENDATIONS OF ALTERNATIVE INVESTMENTS TO CUSTOMERS, INCLUDING SENIOR CUSTOMERS, AND FAILED TO REASONABLY INVESTIGATE RED FLAGS. THE FINDINGS STATED THAT THE REPRESENTATIVE SOLICITED DOZENS OF CUSTOMERS WHO WERE RETIRING OR HAD RETIRED TO LIQUIDATE THEIR 401(K) AND PENSION PLANS AND INVEST THE PROCEEDS WITH HIM AT THE FIRM. THE REPRESENTATIVE THEN RECOMMENDED THAT MANY OF THESE CUSTOMERS CONCENTRATE THEIR RETIREMENT ASSETS IN NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND STRUCTURED NOTES. MANY OF THE CUSTOMERS HAD LITTLE OR NO INVESTMENT EXPERIENCE AND HAD NEVER PURCHASED ALTERNATIVE INVESTMENTS. THE REPRESENTATIVE RECOMMENDED THAT HIS CUSTOMERS MAKE HUNDREDS OF INVESTMENTS IN NON-TRADED REITS AND STRUCTURED PRODUCTS. THE REPRESENTATIVE'S SUPERVISORS OBSERVED AND REPORTED CERTAIN IRREGULARITIES AND CONCERNS RELATING TO HIS RECOMMENDATIONS. FOR EXAMPLE, THERE WERE DISCREPANCIES WITH THE REPRESENTATIVE'S CUSTOMERS' NEW ACCOUNT DOCUMENTS, SUITABILITY QUESTIONNAIRES AND QUESTIONABLE ASSET ALLOCATIONS. IN ADDITION, NUMEROUS COMPLAINTS AND CUSTOMER ARBITRATIONS WERE FILED AGAINST THE REPRESENTATIVE. ALTHOUGH THESE EVENTS RESULTED IN THE FIRM TWICE IMPLEMENTING A HEIGHTENED



SUPERVISION PLAN FOR THE REPRESENTATIVE, NEITHER PLAN WAS REASONABLY EXECUTED. ONE OF THE REPRESENTATIVE'S SUPERVISORS DOCUMENTED ISSUES RELATING TO HIS MISCONDUCT IN HIS NOTES, WHICH HE SHARED WITH OTHERS AT THE FIRM INCLUDING INDIVIDUALS WITHIN ITS COMPLIANCE DEPARTMENT. THE SUPERVISOR'S NOTES HIGHLIGHTED CONCERNS SUCH AS THE USE OF CORRECTIVE TAPE AND LIQUID PAPER ON ACCOUNT DOCUMENTS, TRADES BEING POTENTIALLY MISMARKED AS UNSOLICITED, CUSTOMER SIGNATURES THAT DID NOT MATCH, QUESTIONABLE CHANGES TO CUSTOMER RISK TOLERANCES AND POTENTIALLY UNSUBSTANTIATED INCREASES IN A CUSTOMER'S NET WORTH. NOTWITHSTANDING THE IDENTIFICATION OF THESE ISSUES, THE FIRM PERMITTED THE REPRESENTATIVE TO CONTINUE TO SELL NON-TRADED REITS AND STRUCTURED PRODUCTS TO HIS CUSTOMERS. LATER, ANOTHER SUPERVISOR BEGAN SUPERVISING THE REPRESENTATIVE. THE SECOND SUPERVISOR, HOWEVER, WAS UNAWARE OF THE REPRESENTATIVE'S PRIOR PATTERN OF PAPERWORK IRREGULARITIES AND HIS GROWING NUMBER OF CUSTOMER COMPLAINTS AND ARBITRATIONS. THE SECOND SUPERVISOR ALSO WAS RESPONSIBLE FOR IMPLEMENTING THE REPRESENTATIVE'S SECOND PLAN OF HEIGHTENED SUPERVISION THAT THE FIRM IMPOSED DUE TO THE FILING OF TWO CUSTOMER ARBITRATIONS AGAINST THE REPRESENTATIVE.

Initiated By: FINRA

Date Initiated: 04/08/2021

Docket/Case Number: [2018059223401](#)

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: 04/08/2021

Sanctions Ordered: Censure
Monetary/Fine \$200,000.00

Other Sanctions Ordered: UNTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$200,000 AND REQUIRED TO CERTIFY, WITHIN 90 DAYS, THAT IT HAS IMPLEMENTED SUPERVISORY SYSTEMS



AND WSPS REASONABLY DESIGNED TO ADDRESS ALL AREAS OF CONDUCT IDENTIFIED IN THE AWC AND ACHIEVE COMPLIANCE WITH SUITABILITY REQUIREMENTS FOR ALTERNATIVE INVESTMENTS.

Firm Statement

WITHOUT ADMITTING OR DENYING ANY FACTUAL FINDINGS, IFG MADE A BUSINESS DECISION TO AGREE TO THE AWC TO AVOID COSTLY LITIGATION OVER MATTERS THAT PRINCIPALLY AROSE FROM EVENTS BETWEEN 2008 AND 2011, AND WHICH COULD NOT POSSIBLY HAVE TAKEN PLACE AFTER MARCH OF 2016. IFG'S CERTIFICATION OF ITS COMPLIANCE WITH THE AWC REPRESENTS ITS CONTINUED COMMITMENT TO COMPLIANCE AND CERTIFIES THAT ITS SYSTEMS AND WSPS WERE AMENDED TO KEEP UP TO DATE WITH FINRA REQUIREMENTS AND INDUSTRY STANDARDS MANY YEARS PRIOR TO AGREEING TO THE AWC, AND CONTINUE TO BE COMPLIANT. IFG WORKS COOPERATIVELY WITH FINRA TO ENSURE ON-GOING COMPLIANCE.

Disclosure 4 of 9

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC IA RELEASE 40-5383, SEPTEMBER 30, 2019: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST INDEPENDENT FINANCIAL GROUP, LLC ("RESPONDENT"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY AND INADEQUATE DISCLOSURES BY THE RESPONDENT IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES AND THE FEES IT RECEIVED. AT TIMES DURING THE RELEVANT PERIOD, RESPONDENT PURCHASED, RECOMMENDED, OR HELD FOR ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT CHARGED 12B-1 FEES INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME FUNDS FOR WHICH THE CLIENTS WERE ELIGIBLE. RESPONDENT RECEIVED 12B-1 FEES IN CONNECTION WITH THESE INVESTMENTS. RESPONDENT FAILED TO DISCLOSE IN ITS FORM ADV OR OTHERWISE THE CONFLICTS OF INTEREST RELATED TO (A) ITS RECEIPT OF 12B-1 FEES, AND/OR (B) ITS SELECTION OF MUTUAL FUND SHARE CLASSES THAT PAY SUCH FEES. DURING THE RELEVANT PERIOD, RESPONDENT RECEIVED 12B-1 FEES FOR ADVISING CLIENTS TO INVEST IN OR HOLD SUCH MUTUAL FUND SHARE CLASSES. AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED SECTION 206(2) OF THE ADVISERS ACT.

Initiated By:

UNITED STATES SECURITIES AND EXCHANGE COMMISSION



Date Initiated: 09/30/2019

Docket/Case Number: 3-19550

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Order

Resolution Date: 09/30/2019

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

Sanctions Ordered: Censure
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS AND PREJUDGMENT INTEREST

Sanction Details: THE RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$1,250,386.58 AND PREJUDGMENT INTEREST OF \$175,764.06, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.

Regulator Statement RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$1,250,386.58 AND PREJUDGMENT INTEREST OF \$175,764.06, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.

RESPONDENT SELF-REPORTED TO THE COMMISSION THE VIOLATIONS DISCUSSED IN THIS ORDER PURSUANT TO THE DIVISION OF



ENFORCEMENT'S SHARE CLASS SELECTION DISCLOSURE INITIATIVE ("SCSD INITIATIVE"). ACCORDINGLY, THIS ORDER AND RESPONDENT'S OFFER ARE BASED ON THE INFORMATION SELF-REPORTED BY RESPONDENT.

Reporting Source: Firm

Current Status: Final

Allegations: SEC IA RELEASE 40-5383, SEPTEMBER 30, 2019: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST INDEPENDENT FINANCIAL GROUP, LLC ("RESPONDENT"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY AND INADEQUATE DISCLOSURES BY THE RESPONDENT IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES AND THE FEES IT RECEIVED. AT TIMES DURING THE RELEVANT PERIOD, RESPONDENT PURCHASED, RECOMMENDED, OR HELD FOR ADVISORY CLIENTS MUTUAL FUND SHARE CLASSES THAT CHARGED 12B-1 FEES INSTEAD OF LOWER-COST SHARE CLASSES OF THE SAME FUNDS FOR WHICH THE CLIENTS WERE ELIGIBLE. RESPONDENT RECEIVED 12B-1 FEES IN CONNECTION WITH THESE INVESTMENTS. RESPONDENT FAILED TO DISCLOSE IN ITS FORM ADV OR OTHERWISE THE CONFLICTS OF INTEREST RELATED TO (A) ITS RECEIPT OF 12B-1 FEES, AND/OR (B) ITS SELECTION OF MUTUAL FUND SHARE CLASSES THAT PAY SUCH FEES. DURING THE RELEVANT PERIOD, RESPONDENT RECEIVED 12B-1 FEES FOR ADVISING CLIENTS TO INVEST IN OR HOLD SUCH MUTUAL FUND SHARE CLASSES. AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED SECTION 206(2) OF THE ADVISERS ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 09/30/2019

Docket/Case Number: 3-19550

Principal Product Type: Money Market Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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



Resolution:	Order
Resolution Date:	09/30/2019
Sanctions Ordered:	Censure Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	UNDERTAKINGS AND PREJUDGMENT INTEREST
Sanction Details:	THE RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$1,250,386.58 AND PREJUDGMENT INTEREST OF \$175,764.06, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.
Firm Statement	RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT. RESPONDENT IS CENSURED, SHALL PAY DISGORGEMENT OF \$1,250,386.58 AND PREJUDGMENT INTEREST OF \$175,764.06, AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT. RESPONDENT SELF-REPORTED TO THE COMMISSION THE VIOLATIONS DISCUSSED IN THIS ORDER PURSUANT TO THE DIVISION OF ENFORCEMENT'S SHARE CLASS SELECTION DISCLOSURE INITIATIVE ("SCSD INITIATIVE"). ACCORDINGLY, THIS ORDER AND RESPONDENT'S OFFER ARE BASED ON THE INFORMATION SELF-REPORTED BY RESPONDENT.

Disclosure 5 of 9

Reporting Source:	Regulator
Current Status:	Final
Allegations:	INDEPENDENT FINANCIAL GROUP, LLC ("IFG") AGENTS JAMES CRAWFORD ("CRAWFORD") AND NEAL WOODARD ("WOODARD"), VIOLATED § 13.1-502 (2) OF THE ACT BY MAKING MATERIALLY UNTRUE STATEMENTS OR OMISSIONS OF FACT IN THE OFFER AND SALE OF SECURITIES. IFG ALLOWED CRAWFORD AND WOODARD TO VIOLATE RULE 21-VAC 5-20-280 A (3) BY RECOMMENDING TO SOME OF THEIR CLIENTS THE PURCHASE OF ALTERNATIVE INVESTMENTS WITHOUT REASONABLE GROUNDS TO BELIEVE THAT THE RECOMMENDATION WAS SUITABLE FOR THEIR



CLIENTS BASED UPON REASONABLE INQUIRY CONCERNING THEIR CLIENT'S INVESTMENT OBJECTIVES, FINANCIAL SITUATION, RISK TOLERANCE AND NEEDS, AND ANY OTHER RELEVANT INFORMATION KNOWN BY THE BROKER-DEALER. IN ADDITION, IFG FAILED TO ADEQUATELY TRAIN CRAWFORD AND WOODARD AND FAILED TO IMPLEMENT ADEQUATE COMPLIANCE PROCEDURES TO TRACK AND MONITOR THE ALTERNATIVE INVESTMENT SALES ACTIVITIES OF CRAWFORD AND WOODARD, IN VIOLATION OF RULES 21 VAC 5-20-260 B AND 21 VAC 5-20-260 D.

Initiated By: VIRGINIA - STATE CORPORATION COMMISSION

Date Initiated: 06/03/2014

Docket/Case Number: SEC-2013-00029

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): REAL ESTATE INVESTMENT TRUSTS (REITS) & ALTERNATIVE INVESTMENTS

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

Other Sanction(s)/Relief Sought: POLICY REVISIONS

Resolution: Settled

Resolution Date: 06/03/2014

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: Monetary/Fine \$35,000.00

Other Sanctions Ordered: SEE ITEM 14.

Sanction Details: OF THE TOTAL \$35,000, \$30,000 WAS FOR MONETARY PENALTIES, AND \$5,000 WAS TO DEFRAY THE COST ON INVESTIGATION.

Regulator Statement BASED ON THE DIVISION'S INVESTIGATION, IT WAS ALLEGED THAT INDEPENDENT FINANCIAL GROUP, LLC ("IFG") FAILED TO ADEQUATELY TRAIN ITS AGENTS JAMES CRAWFORD ("CRAWFORD") AND NEAL WOODARD ("WOODARD") IN THE SALE OF PUBLICLY REGISTERED NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS"). DUE TO THIS, CRAWFORD AND WOODARD IN VIRGINIA MADE MATERIAL MISREPRESENTATIONS AND UNTRUE STATEMENTS OF FACT IN THE



OFFER AND SALE OF THESE SECURITIES. SPECIFICALLY, THESE AGENTS IMPROPERLY MARKETED ALTERNATIVE INVESTMENTS, DESIGNATED AS HIGH RISK SECURITIES, TO SOME OF THEIR RETAIL BROKERAGE CLIENTS IN VIRGINIA AS LOWER TO MODERATE RISK SECURITIES. THE DIVISION ALSO ALLEGED THAT IFG FAILED TO IMPLEMENT ADEQUATE COMPLIANCE PROCEDURES TO MONITOR THE AGENTS' SALE OF THESE SECURITIES. AS A CONSEQUENCE, IN SELLING THESE HIGH RISK SECURITIES TO VIRGINIA CLIENTS, IFG'S AGENTS RECOMMENDED THE PURCHASE OF, AND SOLD THESE SECURITIES IN HIGH AND UNSUITABLE CONCENTRATIONS. IFG NEITHER ADMITTED NOR DENIED THE ALLEGED VIOLATIONS IN THE SETTLEMENT ORDER, BUT AGREED TO PAY A \$30,000 PENALTY AND \$5,000 TO DEFRAY COSTS OF INVESTIGATION. IN ADDITION, IFG AGREED TO ENHANCE ITS COMPLIANCE MEASURES AND SUPERVISION POLICIES TO MORE CLOSELY AND DILIGENTLY SUPERVISE THE SECURITIES ACTIVITIES OF ITS VIRGINIA AGENTS, ESPECIALLY IN CONNECTION WITH MONITORING THE OFFER AND SALE OF ALTERNATIVE INVESTMENTS. IFG ALSO AGREED TO CONDUCT TWO SEPARATE TRAINING SESSIONS WITH CRAWFORD AND WOODARD WITHIN ONE YEAR FROM THE DATE OF ENTRY OF THIS ORDER TO ENSURE THAT THEIR PRESENTATION OF INVESTMENT OPPORTUNITIES TO CLIENTS IS BALANCED AND CONSISTENT WITH IFG'S STANDARDS AND REGULATORY REQUIREMENTS. CONTACT TERRY PARKER AT 804-371-9051.

Reporting Source: Firm

Current Status: Final

Allegations: STATE SECURITIES COMMISSION ALLEGED THAT 2 REPRESENTATIVES IN VIRGINIA MADE MATERIAL MISREPRESENTATIONS AND UNTRUE STATEMENTS OF FACTS IN THE OFFER AND SALE OF ALTERNATIVE INVESTMENTS. ALSO ALLEGED THE BROKER-DEALER DID NOT IMPLEMENT ADEQUATE PROCEDURES TO MONITOR THEIR SALES OF THESE SECURITIES.

Initiated By: COMMONWEALTH OF VIRGINIA STATE CORPORATION COMMISSION

Date Initiated: 06/03/2014

Docket/Case Number: SEC-2013-0029

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:	CONSENT UNDER SETTLEMENT ORDER
Resolution:	Settled
Resolution Date:	06/03/2014
Sanctions Ordered:	Monetary/Fine \$30,000.00
Other Sanctions Ordered:	\$5000 ADMINISTRATIVE FEE.
Sanction Details:	FINE - \$30000 FEE - \$5000 \$35000 TOTAL
Firm Statement	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, TO AVOID FURTHER EXPENDIUTURE OF TIME, MONEY AND RESOURCES, THE FIRM ENTERED INTO THIS SETTLEMENT ORDER WITH THE STATE ON 6/3/14. ALL PENALTIES AND FEES HAVE BEEN PAID IN FULL.

Disclosure 6 of 9

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THAT DURING THE TIME PERIOD OF JULY 30, 2010 THROUGH AUGUST 8, 2011 INDEPENDENT FINANCIAL GROUP, LLC OPERATED A BRANCH OFFICE IN THE STATE OF NEVADA, OTHER THAN THE PRINCIPAL OFFICE, WITHOUT THE BENEFIT OF BEING LICENSED PURSUANT NRS 90.360 (2) AND (3).
Initiated By:	NEVADA
Date Initiated:	03/04/2011
Docket/Case Number:	CI11-063-ST
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:	Consent
Resolution Date:	04/06/2012



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: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: FINE PAID IN FULL 04/06/2012

Reporting Source: Firm

Current Status: Final

Allegations: ADMINISTRATIVE CONSENT ORDER STATED REGISTRANT OPERATED A BRANCH OFFICE IN THE STATE OF NEVADA, OTHER THAN THE PRINCIPAL OFFICE WITHOUT IT BEING REGISTERED PURSUANT TO NRS 90.360(2 AND (3).

Initiated By: NEVADA SECURITIES DIVISION

Date Initiated: 03/04/2012

Docket/Case Number: CI11-063-ST

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: Consent

Resolution Date: 04/06/2012

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: FINE PAID IN FULL 4/6/12

Firm Statement CONSENT ORDER WAS ADMINISTRATIVE. IT DID NOT CONSTITUTE AN ORDER BASED ON FINDINGS OF SALES PRACTICE OR CONDUCT VIOLATIONS.



Disclosure 7 of 9

Reporting Source:	Regulator
Current Status:	Final
Allegations:	HAGERTY, STEWART & ASSOCIATES, INC. ENGAGED IN SECURITIES BUSINESS IN NORTH DAKOTA WHILE NOT REGISTERED IN NORTH DAKOTA. ADDITIONALLY, THE FIRM SUBMITTED A FALSE AFFIDAVIT IN CONNECTION WITH THEIR APPLICATION TO BE REGISTERED IN NORTH DAKOTA, STATING THAT THEY HAVE NOT DONE ANY BUSINESS IN NORTH DAKOTA.
Initiated By:	NORTH DAKOTA
Date Initiated:	01/10/1996
Docket/Case Number:	
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	FIRM WAS CONDUCTING BUSINESS IN NORTH DAKOTA. PRODUCTS WERE NOT MATERIAL TO THE REGULATORY ACTION.
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/10/1996
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Sanctions Ordered:	Monetary/Fine \$3,000.00
Other Sanctions Ordered:	
Sanction Details:	ORDERED TO WITHDRAW ITS THEN-PENDING APPLICATION IN NORTH DAKTOA.
Regulator Statement	.



Reporting Source: Firm
Current Status: Final
Allegations: RESPONDENTS APPEARED TO HAVE CONDUCTED BUSINESS WITH THREE NORTH DAKOTA RESIDENTS PRIOR TO BEING REGISTERED.
Initiated By: NORTH DAKOTA
Date Initiated: 07/17/1995
Docket/Case Number:
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: VOLUNTARILY WITHDRAW REGISTRATION REQUEST AND NOT REAPPLY FOR 12 MONTHS
Resolution: Consent
Resolution Date: 01/10/1996
Sanctions Ordered: Monetary/Fine \$3,000.00
Other Sanctions Ordered: VOLUNTARILY WITHDRAW PENDING APPLICATION AND NOT REAPPLY FOR 12 MONTHS. PROHIBITED FROM TRANSACTING ANY SECURITIES BUSINESS WITH ANY PERSON IN NORTH DAKOTA UNLESS REGISTERED AS A DEALER OR PROPERLY EXEMPTED. PROHIBITED FROM EMPLOYING ANY PERSON TO REPRESENT IT AS A SECURITIES SALESMAN FOR ANY SECURITIES BUSINESS WITH ANY PERSON IN NORTH DAKOTA UNLESS USCH PERSON IS REGISTERED AS A SALESMAN OR PROPERLY EXEMPTED.
Sanction Details: \$3,000 CIVIL PENALTY LEVIED AGAINST THE FIRM AND PAID IN JANUARY 1996.

Disclosure 8 of 9

Reporting Source: Regulator
Current Status: Final
Allegations: 05/31/00GS: NASD RULE 2110 - NET CAPITAL VIOLATION - CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN MINIMUM REQUIRED NET CAPITAL.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS



Date Initiated: 05/19/2000
Docket/Case Number: C02000022
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: 05/19/2000
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: FINED \$5,000, JOINTLY AND SEVERALLY.

Reporting Source: Firm
Current Status: Final
Allegations: AS OF 5/28/1999, HSAI, ACTING THROUGH BARRY SMART, CONTRAVENED SEC RULE 15C3-1 IN THAT IT UTILIZED THE INSTRUMENTALITIES OF INTERSTATE COMMERCE TO CONDUCT A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN MINIMUM REQUIRED NET CAPITAL. HSAI RECEIVED CUSTOMER CHECKS PAYABLE TO ITSELF AND INSTEAD OF RETURNING THE CHECKS TO THE CUSTOMERS, FORWARDED THE CHECKS TO ITS CLEARING BROKER FOR DEPOSIT.
Initiated By: NATIONAL ASSOCIATION OF SECURITY DEALERS
Date Initiated: 08/16/1999
Docket/Case Number: C92000022
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: HAGERTY STEWART AND BARRICK SMART SIGNED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FINDING THAT HAGERTY STEWART HAD ACCEPTED CHECKS MADE PAYABLE TO THE FIRM WHICH SHOULD



HAVE BEEN MADE PAYABLE TO THE FIRM'S CORRESPONDENT. AS SUCH, THE FIRM WAS FOUND TO HAVE VIOLATED RULE 15C3-1, THE NET CAPITAL RULE.

Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/15/2000
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: FINE WAS PAID IN FULL ON JUNE 15, 2000 BY THE FIRM.
Firm Statement LETTER OF ACCEPTANCE WAIVER AND CONSENT WAS SUBMITTED AND UPON ACCEPTANCE THE FIRM AND BARRICK SMART, CFO, WERE JOINTLY AND SEVERALLY LIABLE.

Disclosure 9 of 9

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 01/08/1999
Docket/Case Number: C02980088
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 01/08/1999
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details:
Regulator Statement 03/05/99GK: ON JANUARY 8, 1999, DISTRICT NO. 2 NOTIFIED



RESPONDENTS HAGERTY, STEWART & ASSOCIATES, INC. AND ROBERT ALLEN STEWART THAT THE LETTER OF AWC NO. C02980088 WAS ACCEPTED; THEREFORE, RESPONDENTS ARE CENSURED AND FINED \$2,500, JOINTLY AND SEVERALLY - (NASD RULE 2110 AND SEC RULE 15c3-1 - RESPONDENT MEMBER, ACTING UNDER THE DIRECTION AND CONTROL OF RESPONDENT STEWART, FAILED TO HAVE AND MAINTAIN SUFFICIENT MINIMUM NET CAPITAL).

05-07-99, \$2,500 PAID J&S ON 2/16/99, INVOICE #99-02-41

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED THAT BROKER DEALER ACTING THROUGH CONTROL AFFILIATES FAILED TO HAVE AND MAINTAIN SUFFICIENT NET CAPITAL WHILE CONDUCTING A SECURITIES BUSINESS AS OF DECEMBER 31,1995, JANUARY 31,1996 AND FEBRUARY 29, 1996 IN VIOLATION OF CONDUCT RULE 2110.

Initiated By: NATIONAL ASSOCIATION OF SECURITY DEALERS

Date Initiated: 01/08/1999

Docket/Case Number: C02980088

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: 01/08/1999

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: ACCEPTED LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C02980088. HAGERTY STEWART AND R. ALLEN STEWART, AS PRINCIPAL, WERE CENSURED AND JOINTLY AND SEVERALLY FINED IN THE AMOUNT



OF \$2,500.00.



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 1

Reporting Source:	Firm
Policy Holder:	HAGERTY STEWART & ASSOCIATES, INC.
Bonding Company Name:	GULF
Disposition:	Payout
Disposition Date:	10/14/1999
Payout Details:	PAYOUT IN THE AMOUNT OF \$140,000.00 PAID ON 10/14/1999
Firm Statement	ARBITRATION REGARDING INAPPROPTIATE DISBURSEMENT OF FUNDS WAS DISMISSED. BONDING COMPANY COVERED LEGAL FEES.

End of Report



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