

## BrokerCheck Report

# GILFORD SECURITIES INCORPORATED

CRD# 8076

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## About BrokerCheck®

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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

• **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).



Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.  
This firm was formed in New York on 09/24/1979.  
Its fiscal year ends in December.

Firm History

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

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	21
Arbitration	29

GILFORD SECURITIES INCORPORATED

CRD# 8076  
SEC# 8-24230

Main Office Location

750 THIRD AVENUE  
9TH FLOOR  
NEW YORK, NY 10017

Mailing Address

750 THIRD AVENUE  
9TH FLOOR  
NEW YORK, NY 10017

Business Telephone Number

212-888-6400



## Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.

<b>Date firm ceased business:</b>	10/12/2015
<b>Does this brokerage firm owe any money or securities to any customer or brokerage firm?</b>	Yes
<b>Number of customers owed funds or securities:</b>	11
<b>Amount of money owed to customer:</b>	\$1,056,711.05
<b>Amount of money owed to brokerage firm:</b>	\$0.00
<b>Market value of securities owed to customer:</b>	\$2,270,069.44
<b>Market value of securities owed to brokerage firm:</b>	\$0.00
<b>Payment arrangement:</b>	THESE ACCOUNTS OPTED OUT OF THE TRANSFER TO LADENBURG THALMANN PER A 30 DAY NOTICE WHICH THEY HAD BEEN SENT. THESE ACCOUNTS ARE HELD AT OUR CLEARING BROKER, STERNE AGEE CLEARING AND SHOULD BE SUBMITTING ACATS IMMINENTLY.



## Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 09/24/1979.

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.

### **GILFORD SECURITIES INCORPORATED**

**Doing business as GILFORD SECURITIES INCORPORATED**

**CRD#** 8076

**SEC#** 8-24230

### **Main Office Location**

750 THIRD AVENUE  
9TH FLOOR  
NEW YORK, NY 10017

### **Mailing Address**

750 THIRD AVENUE  
9TH FLOOR  
NEW YORK, NY 10017

### **Business Telephone Number**

212-888-6400



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	WORTHINGTON, RALPH IV 472943
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHAIRMAN AND CEO, CHIEF COMPLIANCE OFFICER
<b>Position Start Date</b>	09/2015
<b>Percentage of Ownership</b>	25% but less than 50%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	SACHS, BONNIE JANE EDELMAN 725100
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, CFO, COO
<b>Position Start Date</b>	06/1995
<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

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## 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 no longer registered.**

**The firm's registration was from 01/03/1980 to 11/30/2015.**



**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 12 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 dealer
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
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities

## Firm Operations



### Clearing Arrangements

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

### Introducing Arrangements

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

<b>Name:</b>	STERNE AGEE CLEARING INC
<b>CRD #:</b>	23952
<b>Business Address:</b>	2 PERIMETER PARK S. SUITE 100W BIRMINGHAM, AL 35243
<b>Effective Date:</b>	08/19/2013
<b>Description:</b>	GILFORD SECURITIES INCORPORATED IS AN INTRODUCING BD AND HAS A CLEARING ARRANGEMENT WITH STERNE AGEE CLEARING INC.

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## Firm Operations

### Industry Arrangements



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

**Name:** STERNE AGEE CLEARING INC  
**CRD #:** 23952  
**Business Address:** 2 PERIMETER PARK S.  
SUITE 100W  
BIRMINGHAM, AL 35243  
**Effective Date:** 08/19/2013  
**Description:** GILFORD SECURITIES INCORPORATED IS AN INTRODUCING BD AND HAS A CLEARING ARRANGEMENT WITH STERNE AGEE CLEARING INC.

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

**Name:** STERNE AGEE CLEARING INC  
**CRD #:** 23952  
**Business Address:** 2 PERIMETER PARK S.  
SUITE 100W  
BIRMINGHAM, AL 35243  
**Effective Date:** 08/19/2013  
**Description:** GILFORD SECURITIES INCORPORATED IS AN INTRODUCING BD AND HAS A CLEARING ARRANGEMENT WITH STERNE AGEE CLEARING INC.

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

**Name:** STERNE AGEE CLEARING INC  
**CRD #:** 23952  
**Business Address:** 2 PERIMETER PARK S  
SUITE 100W  
BIRMINGHAM, AL 35243  
**Effective Date:** 08/19/2013  
**Description:** GILFORD SECURITIES INCORPORATED IS AN INTRODUCING BD AND HAS A CLEARING ARRANGEMENT WITH STERNE AGEE CLEARING INC.

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### 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.

**TURTLE BAY TECHNOLOGY FUND LLC is under common control with the firm.**

<b>Business Address:</b>	750 THIRD AVENUE, 9TH FLOOR NEW YORK, NY 10017
<b>Effective Date:</b>	05/23/2012
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	TURTLE BAY TECHNOLOGY FUND LLC IS A FUND MANAGED BY TURTLE BAY MANAGEMENT LLC, AN ENTITY OWNED AND CONTROLLED BY CERTAIN PRINCIPALS OF GILFORD SECURITIES INCORPORATED. GILFORD SECURITIES INCORPORATED ALSO OWNS APPROXIMATELY ON (1%) PERCENT OF TURTLE BAY TECHNOLOGY FUND LLC.

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**GILFORD FINANCIAL CORP. is controlled by the firm.**

<b>CRD #:</b>	126593
<b>Business Address:</b>	750 THIRD AVENUE 9TH FLOOR NEW YORK, NY 10017
<b>Effective Date:</b>	05/03/2005
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** GILFORD FINANCIAL IS OWNED 100% BY APPLICANT.

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	21	0
Arbitration	N/A	29	N/A



## Disclosure Event Details

### What you should know about reported disclosure events:

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

### Regulatory - Final

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

### Disclosure 1 of 21

**Reporting Source:** Regulator

**Current Status:** Final





<b>Allegations:</b>	RESPONDENT GILFORD SECURITIES INCORPORATED FAILED TO PAY FEES OF \$10,093.95 DUE TO FINRA.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	11/05/2015
<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>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CANCELLATION
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	11/26/2015
<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>	
<b>Other Sanctions Ordered:</b>	CANCELLATION
<b>Sanction Details:</b>	PURSUANT TO FINRA RULE 9553, GILFORD SECURITIES' MEMBERSHIP WITH FINRA IS CANCELED AS OF NOVEMBER 26, 2015 FOR FAILURE TO PAY OUTSTANDING FEES.

## Disclosure 2 of 21

<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 TRANSMIT 11,939 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON 120 BUSINESS DAYS. THOUGH THE FIRM'S CLEARING FIRM MADE AN ERROR WITH RESPECT TO THE FIRM'S SUBMISSIONS TO OATS, THE FIRM IS RESPONSIBLE FOR ENSURING THAT ITS ROES ARE PROPERLY REPORTED TO OATS. THE FINDINGS STATED 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 FINRA RULES, CONCERNING OATS REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE AND ITS OWN SYSTEMS TO ENSURE THAT THE FIRM'S OATS SUBMISSIONS WERE TIMELY, ACCURATE, AND COMPLETE.

**Initiated By:** FINRA

**Date Initiated:** 02/19/2015

**Docket/Case Number:** [2014041797801](#)

**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:** 02/19/2015

**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 \$12,500.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$12,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. FINE PAID IN FULL ON MARCH 4, 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



TRANSMIT 11,939 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON 120 BUSINESS DAYS. THOUGH THE FIRM'S CLEARING FIRM MADE AN ERROR WITH RESPECT TO THE FIRM'S SUBMISSIONS TO OATS, THE FIRM IS RESPONSIBLE FOR ENSURING THAT ITS ROES ARE PROPERLY REPORTED TO OATS. THE FINDINGS STATED 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 FINRA RULES, CONCERNING OATS REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE AND ITS OWN SYSTEMS TO ENSURE THAT THE FIRM'S OATS SUBMISSIONS WERE TIMELY, ACCURATE, AND COMPLETE.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	02/19/2015
<b>Docket/Case Number:</b>	<a href="#">2014041797801</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<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>	02/19/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$12,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.
<b>Firm Statement</b>	DURING THE PERIOD OF APPROXIMATELY NOVEMBER 2013 TO FEBRUARY 2014 A PERCENTAGE OF THE FIRM'S OATS REPORTABLE TRADES WERE NOT REPORTED CORRECTLY DUE TO A SET UP ERROR MADE BY THE FIRM'S NEW CLEARING FIRM. THE TECHNICAL PROBLEM WAS RESOLVED. THE FIRM SATISFIED ITS UNDERTAKING TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES.



### Disclosure 3 of 21

<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 ISSUED EIGHT RESEARCH REPORTS THAT CONTAINED FALSE AND MISLEADING INFORMATION. THE FINDINGS STATED THAT THESE REPORTS WERE WIDELY DISTRIBUTED THROUGH COMMERCIAL DISTRIBUTION OUTLETS. THE RESEARCH REPORTS ISSUED BY THE FIRM ON A PHARMACEUTICAL COMPANY CONTAINED INACCURATE STATEMENTS WHICH MISTAKENLY SUGGESTED THAT A PROMINENT MEDICAL RESEARCH UNIVERSITY CONDUCTED A HUMAN STUDY REGARDING ONE OF THE COMPANY'S SUPPLEMENTS. THE UNIVERSITY DID NOT CONDUCT OR PARTICIPATE IN THE HUMAN STUDY, ALTHOUGH A DOCTOR, WHO WAS EMPLOYED BY THE UNIVERSITY AT THE TIME OF THE STUDY, SERVED AS A SENIOR CONSULTANT TO THE HUMAN STUDY. FOUR OF THOSE REPORTS ALSO CONTAINED INACCURATE STATEMENTS SUGGESTING THAT THE DOCTOR WAS ACTING ON BEHALF OF THE UNIVERSITY IN ASSISTING WITH THE HUMAN STUDY.</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/01/2014
<b>Docket/Case Number:</b>	<a href="#">2013035928001</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>	10/01/2014
<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>	<p>Censure</p> <p>Monetary/Fine \$25,000.00</p>

**Other Sanctions Ordered:****Sanction Details:** THE FIRM WAS CENSURED AND FINED \$25,000.FINE PAID IN FULL ON OCTOBER 23, 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 BETWEEN AUGUST 1, 2012 AND JANUARY 10, 2013 THE FIRM ISSUED RESEARCH REPORTS ON A PHARMACEUTICAL COMPANY CONTAINING UNWARRANTED AND MISLEADING STATEMENTS REGARDING THE PARTICIPATION OF A PROMINENT MEDICAL RESEARCH UNIVERSITY IN A HUMAN STUDY OF ONE OF THE COMPANY'S DIETARY SUPPLEMENTS. EACH RESEARCH REPORT INACCURATELY REFERRED TO THE UNIVERSITY AS HAVING CONDUCTED THE STUDY. THE NATURE OF THE INACCURATE REPRESENTATION WAS THAT A DOCTOR, WHO WAS THE HEAD OF THE UNIVERSITY'S ENDOCRINOLOGY DEPARTMENT AND WHICH STUDIES WERE POSTED ON THE UNIVERSITY'S WEBSITE, PARTICIPATED AS AN INDEPENDENT CONSULTANT TO THE PHARMACEUTICAL COMPANY AND DID NOT COLLABORATE WITH THE UNIVERSITY ON THE HUMAN STUDY. THE FINDINGS STATE THAT THE FIRM VIOLATED NASD RULE 2210(D)(1)(B) AND FINRA RULE 2010.**Initiated By:** FINRA**Date Initiated:** 10/01/2014**Docket/Case Number:** [2013035928001](#)**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:** 10/01/2014**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00



## Other Sanctions Ordered:

### Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT BETWEEN AUGUST 1, 2012 AND JANUARY 10, 2013 THE FIRM ISSUED RESEARCH REPORTS ON A PHARMACEUTICAL COMPANY CONTAINING UNWARRANTED AND MISLEADING STATEMENTS REGARDING THE PARTICIPATION OF A PROMINENT MEDICAL RESEARCH UNIVERSITY IN A HUMAN STUDY OF ONE OF THE COMPANY'S DIETARY SUPPLEMENTS. EACH RESEARCH REPORT INACCURATELY REFERRED TO THE UNIVERSITY AS HAVING CONDUCTED THE STUDY. THE NATURE OF THE INACCURATE REPRESENTATION WAS THAT A DOCTOR, WHO WAS THE HEAD OF THE UNIVERSITY'S ENDOCRINOLOGY DEPARTMENT AND WHICH STUDIES WERE POSTED ON THE UNIVERSITY'S WEBSITE, PARTICIPATED AS AN INDEPENDENT CONSULTANT TO THE PHARMACEUTICAL COMPANY AND DID NOT COLLABORATE WITH THE UNIVERSITY ON THE HUMAN STUDY. THE FINDINGS STATE THAT THE FIRM VIOLATED NASD RULE 2210(D)(1)(B) AND FINRA RULE 2010. THE FIRM CONSENTED TO A CENSURE AND A \$25,000 FINE.

## Disclosure 4 of 21

### Reporting Source:

Regulator

### Current Status:

Final

### Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT PUBLISHED RESEARCH REPORTS THAT FAILED TO DISCLOSE THAT THE RESEARCH ANALYST RECEIVED COMPENSATION CONSISTING OF COMMISSIONS ON TRANSACTIONS BY THE ANALYST'S CUSTOMERS IN THE SECURITIES COVERED BY THE ANALYST. THE FINDINGS STATED THAT THE FRONT PAGE OF THE FIRM'S RESEARCH REPORTS PURPORTED TO REFER TO THE PAGE OF THE REPORT ON WHICH THE DISCLOSURES WERE FOUND. HOWEVER, THE FRONT PAGE REFERENCES TO DISCLOSURES WERE DEFICIENT. THE FIRM AUTHORIZED A RESEARCH ANALYST TO POST RESEARCH RELATED INFORMATION AND RECOMMENDATIONS FROM FIRM RESEARCH REPORTS ON HIS BLOG WITHOUT INCLUDING EITHER DISCLOSURES REQUIRED BY NASD RULE 2711(H) OR LINKS TO THE RESEARCH REPORTS CONTAINING THE DISCLOSURES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ADEQUATELY IMPLEMENT ITS SUPERVISORY PROCEDURES CONCERNING THE DISCLOSURE OF ACTUAL, MATERIAL CONFLICTS OF INTEREST AND THE DISCLOSURE OF OR REFERENCE TO DISCLOSURES REQUIRED BY NASD RULE 2711(H). THE FIRM PUBLISHED RESEARCH REPORTS AND WAS UNABLE TO EVIDENCE THE APPROVAL OF A PORTION OF THESE REPORTS, AND UNABLE TO



PROVIDE DOCUMENTATION THAT WOULD EVIDENCE APPROVAL OF THE REMAINING RESEARCH REPORTS PRIOR TO THEIR DISSEMINATION. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY CONTROL POLICIES AND PROCEDURES (WSCPS) THAT WERE REASONABLY DESIGNED TO PROVIDE HEIGHTENED SUPERVISION OVER THE ACTIVITIES OF FIVE PRODUCING MANAGERS WHO WERE RESPONSIBLE FOR GENERATING 20% OR MORE OF THE REVENUE OF THE BUSINESS UNITS SUPERVISED BY THE PRODUCING MANAGERS' SUPERVISORS. THE FIRM FAILED TO NOTIFY FINRA OF ITS RELIANCE UPON THE "LIMITED SIZE AND RESOURCES" EXCEPTION AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WSCPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE "LIMITED SIZE AND RESOURCES" EXCEPTION. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO IMPLEMENT ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM (AMLCP) PROCEDURES IN THAT THE FIRM FAILED TO VERIFY THE IDENTITY OF NEW CUSTOMERS OPENING NEW ACCOUNTS, AND FAILED TO RESOLVE SUBSTANTIVE DISCREPANCIES DISCOVERED WHEN VERIFYING THE IDENTIFYING INFORMATION OF NEW CUSTOMERS OPENING NEW ACCOUNTS.

**Initiated By:** FINRA

**Date Initiated:** 04/03/2014

**Docket/Case Number:** [2012030416501](#)

**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:** 04/03/2014

**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:** Censure  
Monetary/Fine \$125,000.00

**Other Sanctions Ordered:**



**Sanction Details:** SEE ABOVE

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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 PUBLISHED RESEARCH REPORTS THAT FAILED TO DISCLOSE THAT THE RESEARCH ANALYST RECEIVED COMPENSATION CONSISTING OF COMMISSIONS ON TRANSACTIONS BY THE ANALYST'S CUSTOMERS IN THE SECURITIES COVERED BY THE ANALYST. THE FINDINGS STATED THAT THE FRONT PAGE OF THE FIRM'S RESEARCH REPORTS PURPORTED TO REFER TO THE PAGE OF THE REPORT ON WHICH THE DISCLOSURES WERE FOUND. HOWEVER, THE FRONT PAGE REFERENCES TO DISCLOSURES WERE DEFICIENT. THE FIRM AUTHORIZED A RESEARCH ANALYST TO POST RESEARCH RELATED INFORMATION AND RECOMMENDATIONS FROM FIRM RESEARCH REPORTS ON HIS BLOG WITHOUT INCLUDING EITHER DISCLOSURES REQUIRED BY NASD RULE 2711(H) OR LINKS TO THE RESEARCH REPORTS CONTAINING THE DISCLOSURES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ADEQUATELY IMPLEMENT ITS SUPERVISORY PROCEDURES CONCERNING THE DISCLOSURE OF ACTUAL, MATERIAL CONFLICTS OF INTEREST AND THE DISCLOSURE OF OR REFERENCE TO DISCLOSURES REQUIRED BY NASD RULE 2711(H). THE FIRM PUBLISHED RESEARCH REPORTS AND WAS UNABLE TO EVIDENCE THE APPROVAL OF A PORTION OF THESE REPORTS, AND UNABLE TO PROVIDE DOCUMENTATION THAT WOULD EVIDENCE APPROVAL OF THE REMAINING RESEARCH REPORTS PRIOR TO THEIR DISSEMINATION. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY CONTROL POLICIES AND PROCEDURES (WSCPS) THAT WERE REASONABLY DESIGNED TO PROVIDE HEIGHTENED SUPERVISION OVER THE ACTIVITIES OF FIVE PRODUCING MANAGERS WHO WERE RESPONSIBLE FOR GENERATING 20% OR MORE OF THE REVENUE OF THE BUSINESS UNITS SUPERVISED BY THE PRODUCING MANAGERS' SUPERVISORS. THE FIRM FAILED TO NOTIFY FINRA OF ITS RELIANCE UPON THE "LIMITED SIZE AND RESOURCES" EXCEPTION AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WSCPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE "LIMITED SIZE AND RESOURCES" EXCEPTION. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO IMPLEMENT ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM (AMLCP) PROCEDURES IN THAT THE FIRM FAILED TO VERIFY THE IDENTITY OF NEW CUSTOMERS OPENING NEW ACCOUNTS, AND FAILED TO RESOLVE SUBSTANTIVE DISCREPANCIES DISCOVERED WHEN VERIFYING THE IDENTIFYING INFORMATION OF NEW CUSTOMERS OPENING NEW ACCOUNTS.





**Initiated By:** FINRA

**Date Initiated:** 04/03/2014

**Docket/Case Number:** [2012030416501](#)

**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:** 04/03/2014

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

**Other Sanctions Ordered:**

**Sanction Details:** SEE ABOVE

**Firm Statement** ACCEPTANCE, WAIVER AND CONSENT DATED APRIL 3, 2014 RELATING TO CASE NUMBER 2012-030416501 WHEREBY FIRM CONSENTED TO 125,000.00 FINE AND CENSURE PERTAINING TO FINDINGS RESULTING FROM THE FIRM'S FINRA 2012 EXAMINATIONS.

#### Disclosure 5 of 21

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 33-9264, 34-65450, SEPTEMBER 30, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST GILFORD SECURITIES, INCORPORATED ("GILFORD"), GILFORD'S CEO, GILFORD'S NY OFFICE SALES MANAGER, AND GILFORD'S CCO AND AML OFFICER (COLLECTIVELY "RESPONDENTS"). THE MATTER INVOLVES THE FAILURE TO SUPERVISE A FORMER REGISTERED REPRESENTATIVE (THE "RR") ENGAGED IN UNREGISTERED DISTRIBUTIONS OF SECURITIES IN CONNECTION WITH INTERNATIONAL PUMP-AND-DUMP SCHEMES, BY HIS



EMPLOYER, GILFORD SECURITIES, INC., AND GILFORD'S CHIEF EXECUTIVE OFFICER AND THE TRADING DESK SUPERVISOR, AND THE RR'S SUPERVISOR AND THE SALES MANAGER OF GILFORD'S NEW YORK OFFICE. ON FEBRUARY 1, 2011, THE COMMISSION FILED A CIVIL INJUNCTIVE ACTION AGAINST THE RR, ALLEGING THAT THE RR, ALONG WITH TEN OTHER INDIVIDUALS AND ENTITIES, ENGAGED IN SCHEMES TO PUMP AND DUMP THE SECURITIES OF AT LEAST EIGHT U.S. MICROCAP STOCKS OF ISSUERS, PRIMARILY HEADQUARTERED IN THE PEOPLE'S REPUBLIC OF CHINA, ISRAEL AND CANADA, AND FACILITATED UNREGISTERED SALES OF MILLIONS OF SHARES OF THESE ISSUERS' STOCKS THAT GENERATED PROCEEDS IN EXCESS OF \$33 MILLION. ALSO ON FEBRUARY 1, 2011, A SUPERSEDING INDICTMENT AGAINST THE RR WAS UNSEALED CHARGING HIM WITH ONE COUNT OF CONSPIRACY TO COMMIT SECURITIES FRAUD AND WIRE FRAUD IN VIOLATION OF 18 U.S.C. SECTIONS 1343, 1348 AND 1349 BASED ON THE SAME CONDUCT. ON APRIL 21, 2011, THE RR PLEADED GUILTY TO THE CONSPIRACY CHARGE. FROM AT LEAST JANUARY 2005 THROUGH MAY 2006 ("RELEVANT PERIOD"), THE RR RESOLD OVER 30 MILLION SHARES OF SECURITIES THROUGH AT LEAST 20 CUSTOMER ACCOUNTS AT GILFORD WHEN THERE WAS NO RESALE REGISTRATION STATEMENT ON FILE OR IN EFFECT WITH THE COMMISSION WITH RESPECT TO THOSE SECURITIES AND THERE WAS NO VALID EXEMPTION AVAILABLE FOR THE REALES. THE RR'S FACILITATION OF THE UNREGISTERED SALES WENT UNDETECTED BY GILFORD AS A RESULT OF ITS FAILURE TO DEVELOP REASONABLE SYSTEMS TO IMPLEMENT ITS POLICIES AND PROCEDURES REGARDING SUPERVISION OF REGISTERED REPRESENTATIVES AT THE FIRM WITH RESPECT TO FACILITATING CUSTOMERS' UNREGISTERED SALES OF SECURITIES. DURING THE RELEVANT TIME PERIOD, THE CHIEF EXECUTIVE OFFICER HAD ULTIMATE AUTHORITY AND RESPONSIBILITY FOR DEVELOPING GILFORD'S SUPERVISORY POLICIES, PROCEDURES AND IMPLEMENTATION OF THESE POLICIES AND PROCEDURES. THE SAME MANAGER HAD ULTIMATE RESPONSIBILITY FOR SUPERVISING THE RR. GILFORD, THE CEO, AND THE SALES MANAGER ALL FAILED REASONABLY TO SUPERVISE THE RR'S UNREGISTERED SALES OF SECURITIES. GILFORD'S DEFICIENCIES WERE NOT CONFINED TO ITS FAILURE REASONABLY TO SUPERVISE THE RR. GILFORD ALSO VIOLATED THE FEDERAL SECURITIES LAWS BY: (A) PERMITTING CUSTOMERS TO DELIVER IN AND SELL MILLIONS OF SHARES OF STOCK WITHOUT THE REGISTERED REPRESENTATIVES AND OFFICERS AT THE FIRM CONDUCTING REASONABLE INQUIRY INTO THE SOURCE OF THE STOCK BEING SOLD TO THE PUBLIC; (B) NOT FULFILLING ITS OBLIGATIONS UNDER THE CURRENCY AND FINANCIAL TRANSACTIONS REPORTING ACT OF 1970 (COMMONLY REFERRED TO AS THE BANK SECRECY ACT ("BSA")), WITH REGARD TO SUSPICIOUS ACTIVITY REPORTS ("SARS"); (C) ALLOWING EMPLOYEES TO IMPROPERLY EXECUTE CUSTOMER ORDERS WITHOUT



THE REQUISITE TRADING LICENSES; (D) FAILING TO MAKE AND KEEP CURRENT EITHER A QUESTIONNAIRE OR APPLICATION FOR EMPLOYMENT FOR THESE EMPLOYEES; AND (E) VIOLATING REGULATION S-P BY SHARING NONPUBLIC CUSTOMER INFORMATION WITH UNAUTHORIZED THIRD PARTIES. AS DESCRIBED BELOW, THE CEO AND SALES MANAGER AIDED AND ABETTED SOME OF GILFORD'S VIOLATIONS. IN ADDITION, GILFORD'S CHIEF COMPLIANCE OFFICER ("CCO") AND ANTI-MONEY LAUNDERING ("AML") OFFICER, AIDED AND ABETTED GILFORD'S SARS VIOLATION. (CONTINUED IN COMMENTS)

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 09/30/2011

**Docket/Case Number:** 3-14574

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 09/30/2011

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$260,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** COMPLY WITH UNDERTAKINGS TO RETAIN, WITHIN 30 DAYS OF THE DATE OF ENTRY OF THE ORDER, AT ITS OWN EXPENSE, THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE STAFF OF THE DIVISION OF ENFORCEMENT OF THE COMMISSION (THE "COMMISSION STAFF"), TO (I) REVIEW GILFORD'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES, INCLUDING, BUT NOT LIMITED TO GILFORD'S AML POLICIES AND PROCEDURES; (II) REVIEW GILFORD'S SYSTEM FOR IMPLEMENTING ITS SUPERVISORY POLICIES AND PROCEDURES; AND (III) MAKE RECOMMENDATIONS CONCERNING THESE POLICIES AND PROCEDURES



WITH A VIEW TO ASSURING COMPLIANCE WITH SUPERVISORY RESPONSIBILITIES. ADOPT, IMPLEMENT AND MAINTAIN ALL POLICIES, PROCEDURES, AND PRACTICES RECOMMENDED IN THE REPORT OF THE INDEPENDENT CONSULTANT WITHIN 150 DAYS OF THE DATE OF ENTRY OF THE ORDER. CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKINGS.

**Sanction Details:**

RESPONDENT GILFORD IS CENSURED. RESPONDENT GILFORD SHALL, WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$275,000, PREJUDGMENT INTEREST OF \$77,113, AND A CIVIL PENALTY OF \$260,000 TO THE UNITED STATES TREASURY.

**Regulator Statement**

(CONTINUED FROM #7) AS A RESULT OF THE RR'S CONDUCT, GILFORD WILLFULLY VIOLATED SECTIONS 5(A) AND 5(C) OF THE SECURITIES ACT BY DIRECTLY OR INDIRECTLY, OFFERING TO SELL AND SELLING SHARES OF CWTD, CDGT, MWIS, CHMS, WWBP, AND PGCN THROUGH THE USE OF ANY MEANS OR INSTRUMENTALITY OF TRANSPORTATION, COMMUNICATION IN INTERSTATE COMMERCE, OR OF THE MAILED WHEN THESE SECURITIES WERE NOT THE SUBJECT OF AN EFFECTIVE REGISTRATION STATEMENT AND THERE WAS NO EXEMPTION AVAILABLE FOR THE RESALE OF THE SECURITIES. AS A RESULT OF THE RR'S CONDUCT, GILFORD, THE CEO AND SALES MANAGER FAILED REASONABLY TO SUPERVISE THE RR WITH A VIEW TO DETECTING AND PREVENTING HIS VIOLATIONS OF SECTIONS 5(A) AND 5(C) OF THE SECURITIES ACT. GILFORD ALSO WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER, AND THE CCO WILLFULLY AIDED AND ABETTED AND CAUSED GILFORD'S VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER; GILFORD WILLFULLY VIOLATED SECTION 15(B)(7) OF THE EXCHANGE ACT AND RULE 15B7-1 THEREUNDER, AND THE CEO WILLFULLY AIDED AND ABETTED AND CAUSED GILFORD'S VIOLATIONS; GILFORD WILLFULLY VIOLATED EXCHANGE ACT RULE 17A-3(A)(12), AND THE CEO WILLFULLY AIDED AND ABETTED AND CAUSED GILFORD'S VIOLATION; GILFORD WILLFULLY VIOLATED RULE 10(A) OF REGULATION S-P. IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENTS SUBMITTED OFFERS OF SETTLEMENT (THE "OFFERS") WHICH THE COMMISSION DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER THEM AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENTS CONSENT TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL



SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER"). THE COMMISSION DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENTS' OFFERS. ACCORDINGLY, PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT RESPONDENT GILFORD SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 5(A) AND 5(C) OF THE SECURITIES ACT, SECTIONS 15(B)(7) AND 17(A) OF THE EXCHANGE ACT AND RULES 15B7-1, 17A-3(A)(12) AND 17A-8 THEREUNDER, AND RULE 10(A) OF REGULATION S-P.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE RESPONDENTS CONSENTED TO THE ENTRY OF AN ORDER BY THE SECURITIES AND EXCHANGE COMMISSION. THE SEC FOUND THAT THE FIRM: FAILED TO FILE A SAR REPORT, AS REQUIRED BY THE BANK SECRECY ACT IN VIOLATION OF SECTION 17(A) AND RULE 17A-8 OF THE SECURITIES EXCHANGE ACT OF 1934; VIOLATED EXCHANGE ACT RULE 17A-3(A)(12) OF THE EXCHANGE ACT BY FAILING TO KEEP COMPLETE AND ACCURATE APPLICATION RECORDS FOR TWO REPRESENTATIVES; DISSEMINATED CONFIDENTIAL CLIENT INFORMATION IN VIOLATION OF RULE 10(A) OF REGULATION S-P; VIOLATED SECTION 15(B)(7) AND RULE 15B7-1 OF THE EXCHANGE ACT BY ALLOWING TWO EMPLOYEES WHO WERE NOT PROPERLY REGISTERED TO EFFECT SECURITIES TRANSACTIONS; VIOLATIONS OF SECTION 5(A) AND 5(C) OF THE SECURITIES ACT OF 1933 BY PERMITTING CUSTOMERS TO DELIVER IN AND SELL SHARES OF STOCK WITHOUT CONDUCTING REASONABLE INQUIRY INTO THE SOURCE OF THE STOCK BEING SOLD TO THE PUBLIC, AND FACILITATING THE UNREGISTERED, NON-EXEMPT RESALE OF SECURITIES; AND, FAILURE TO REASONABLY SUPERVISE A FORMER REPRESENTATIVE.
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/30/2011
<b>Docket/Case Number:</b>	3-14574
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Disgorgement
<b>Other Sanction(s)/Relief</b>	CIVIL AND ADMINISTRATIVE PENALTY/FINE, CEASE AND DESIST, CENSURE,



<b>Sought:</b>	UNDERTAKING
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/30/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$612,113.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	COMPLY WITH UNDERTAKINGS TO RETAIN, WITHIN 30 DAYS OF THE DATE OF ENTRY OF THE ORDER, AT ITS OWN EXPENSE, THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE STAFF OF THE DIVISION OF ENFORCEMENT OF THE COMMISSION (THE "COMMISSION STAFF"), TO (I) REVIEW GILFORD'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES, INCLUDING, BUT NOT LIMITED TO GILFORD'S AML POLICIES AND PROCEDURES; (II) REVIEW GILFORD'S SYSTEM FOR IMPLEMENTING ITS SUPERVISORY POLICIES AND PROCEDURES; AND (III) MAKE RECOMMENDATIONS CONCERNING THESE POLICIES AND PROCEDURES WITH A VIEW TO ASSURING COMPLIANCE WITH SUPERVISORY RESPONSIBILITIES. ADOPT, IMPLEMENT AND MAINTAIN ALL POLICIES, PROCEDURES, AND PRACTICES RECOMMENDED IN THE REPORT OF THE INDEPENDENT CONSULTANT WITHIN 150 DAYS OF THE DATE OF ENTRY OF THE ORDER. CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKINGS.
<b>Sanction Details:</b>	GILFORD IS CENSURED. RESPONDENT GILFORD SHALL, WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$275,000, PREJUDGMENT INTEREST OF \$77,113, AND A CIVIL PENALTY OF \$260,000 TO THE UNITED STATES TREASURY.  GILFORD: \$275,000 DISGORGEMENT; \$77,113 INTEREST, CIVIL PENALTY \$260,000. PAYMENT DUE BY 10/30/11. WORTHINGTON: \$45,000 CIVIL PENALTY DUE BY 10/30/11. 12 MONTH SUSPENSION IN SUPERVISORY CAPACITY BEGINNING 10/10/11 KAPLAN: \$225,000 DISGORGEMENT; \$63,092 INTEREST, \$30,000 CIVIL PENALTY. 12 MONTH SUSPENSION IN SUPERVISORY CAPACITY BEGINNING 10/10/11.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, GILFORD CONSENTS TO THE SEPTEMBER 30, 2011 SECURITIES AND EXCHANGE COMMISSION ORDER.

**Reporting Source:** Firm

**Current Status:** Final



<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE RESPONDENTS CONSENTED TO THE ENTRY OF AN ORDER BY THE SECURITIES AND EXCHANGE COMMISSION. THE SEC FOUND THAT THE FIRM: FAILED TO FILE A SAR REPORT, AS REQUIRED BY THE BANK SECRECY ACT IN VIOLATION OF SECTION 17(A) AND RULE 17A-8 OF THE SECURITIES EXCHANGE ACT OF 1934; VIOLATED EXCHANGE ACT RULE 17A-3(A)(12) OF THE EXCHANGE ACT BY FAILING TO KEEP COMPLETE AND ACCURATE APPLICATION RECORDS FOR TWO REPRESENTATIVES; DISSEMINATED CONFIDENTIAL CLIENT INFORMATION IN VIOLATION OF RULE 10(A) OF REGULATION S-P; VIOLATED SECTION 15(B)(7) AND RULE 15B7-1 OF THE EXCHANGE ACT BY ALLOWING TWO EMPLOYEES WHO WERE NOT PROPERLY REGISTERED TO EFFECT SECURITIES TRANSACTIONS; VIOLATIONS OF SECTION 5(A) AND 5(C) OF THE SECURITIES ACT OF 1933 BY PERMITTING CUSTOMERS TO DELIVER IN AND SELL SHARES OF STOCK WITHOUT CONDUCTING REASONABLE INQUIRY INTO THE SOURCE OF THE STOCK BEING SOLD TO THE PUBLIC, AND FACILITATING THE UNREGISTERED, NON-EXEMPT RESALE OF SECURITIES; AND, FAILURE TO REASONABLY SUPERVISE A FORMER REPRESENTATIVE.
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/30/2011
<b>Docket/Case Number:</b>	3-14574
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Disgorgement
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY/FINE, CEASE AND DESIST, CENSURE, UNDERTAKING
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/30/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$612,113.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	COMPLY WITH UNDERTAKINGS TO RETAIN, WITHIN 30 DAYS OF THE DATE OF ENTRY OF THE ORDER, AT ITS OWN EXPENSE, THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE STAFF OF THE DIVISION OF ENFORCEMENT OF THE COMMISSION (THE "COMMISSION STAFF"), TO (I) REVIEW GILFORD'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES, INCLUDING, BUT NOT LIMITED TO GILFORD'S AML POLICIES





AND PROCEDURES; (II) REVIEW GILFORD'S SYSTEM FOR IMPLEMENTING ITS SUPERVISORY POLICIES AND PROCEDURES; AND (III) MAKE RECOMMENDATIONS CONCERNING THESE POLICIES AND PROCEDURES WITH A VIEW TO ASSURING COMPLIANCE WITH SUPERVISORY RESPONSIBILITIES. ADOPT, IMPLEMENT AND MAINTAIN ALL POLICIES, PROCEDURES, AND PRACTICES RECOMMENDED IN THE REPORT OF THE INDEPENDENT CONSULTANT WITHIN 150 DAYS OF THE DATE OF ENTRY OF THE ORDER. CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKINGS.

GILFORD IS CENSURED. RESPONDENT GILFORD SHALL, WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$275,000, PREJUDGMENT INTEREST OF \$77,113, AND A CIVIL PENALTY OF \$260,000 TO THE UNITED STATES TREASURY.

**Sanction Details:**

GILFORD: \$275,000 DISGORGEMENT; \$77,113 INTEREST, CIVIL PENALTY \$260,000. PAYMENT DUE BY 10/30/11.  
 WORTHINGTON: \$45,000 CIVIL PENALTY DUE BY 10/30/11. 12 MONTH SUSPENSION IN SUPERVISORY CAPACITY BEGINNING 10/10/11  
 KAPLAN: \$225,000 DISGORGEMENT; \$63,092 INTEREST, \$30,000 CIVIL PENALTY. 12 MONTH SUSPENSION IN SUPERVISORY CAPACITY BEGINNING 10/10/11.

**Firm Statement**

WITHOUT ADMITTING OR DENYING THE FINDINGS, GILFORD CONSENTS TO THE SEPTEMBER 30, 2011 SECURITIES AND EXCHANGE COMMISSION ORDER.

**Disclosure 6 of 21**
**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

SEC RULE 10B-10, NASD RULES 2110, 3010, 6230(B), 6230(C)(13) - GILFORD SECURITIES INCORPORATED FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT; FAILED TO REPORT TO TRACE THE LOWER OF YIELD TO CALL OR YIELD TO MATURITY FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES; WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE YIELD AT WHICH THE TRANSACTION WAS EFFECTED; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVED COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING TRACE REPORTING.

**Initiated By:**

NASD





**Date Initiated:** 09/15/2006

**Docket/Case Number:** [2005000180301](#)

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES

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

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

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

**Resolution Date:** 09/15/2006

**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 \$30,000.00

**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 \$30,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO TRACE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FAILED TO REPORT TO TRACE COMPLETE INFORMATION REGARDING A NUMBER OF TRADES BETWEEN 7/1/02 AND 3/31/04 AND FAILED TO DISCLOSE TO CLIENTS THE YIELD AT WHICH 23 TRADES WERE EFFECTED DURING 1/1/04 AND 3/31/04. ALSO SUPERVISORY PROCEDURES DID NOT STATE HOW OFTEN TRACE SUPERVISION WOULD BE CONDUCTED AND HOW SUPERVISION WOULD BE DOCUMENTED.

**Initiated By:** NASD

**Date Initiated:** 07/25/2006



**Docket/Case Number:** AWC# 20050001803-01

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

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

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

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

**Resolution Date:** 09/15/2006

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** \$30,000 FINE CONSISTING OF \$15,000 FINE FOR TRACE REPORTING VIOLATIONS, \$7,500 FINE FOR SEC RULE 10B-10 VIOLATIONS AND \$7,500 FINE FOR SUPERVISION VIOLATIONS.

**Firm Statement** GILFORD ACCEPTED THE SANCTIONS WITHOUT ADMITTING OR DENYING THE FINDINGS.

#### Disclosure 7 of 21

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 17A-3 AND NASD RULE 2110; ORDER TICKETS FOR TRANSACTIONS EFFECTED BY RESPONDENT WERE INACCURATELY TIME STAMPED; RESPONDENT FAILED TO UPDATE AND TO TIMELY UPDATE FORMS U5 OF FORMER REPRESENTATIVES TO DISCLOSE MATERIAL INFORMATION.

**Initiated By:** NASD

**Date Initiated:** 05/15/2006

**Docket/Case Number:** [E102002027301](#)

**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:** 05/15/2006

**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 \$12,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOTU ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$12,500.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE 2002 NASD EXAM FOUND THAT 34 OF 83 ORDER TICKETS WERE INACCURATELY TIME STAMPED, THAT THE U5S OF THREE FORMER BROKERS WERE NOT UPDATED TO REFLECT ARBITRATION SETTLEMENTS AND THAT THE U5S OF FIVE FORMER BROKERS WERE NOT UPDATED WITHIN 30 DAYS.

**Initiated By:** NASD

**Date Initiated:** 04/11/2006

**Docket/Case Number:** E 102002027301

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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



<b>Resolution Date:</b>	05/12/2006
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	GILFORD WAS FINED \$12500.00 AND CENSURED.
<b>Firm Statement</b>	NASD SANCTIONS WERE ACCEPTED BY GILFORD WITHOUT ADMITTING OR DENYING THE EXAM FINDINGS.

#### Disclosure 8 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 11AC1-4, NASD RULE 2110, NASD MARKETPLACE RULES 4632, 6130(D)(6), 6420 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT, WITHIN 90 SECONDS AFTER EXECUTION, TRANSACTIONS IN NASDAQ NATIONAL MARKET SECURITIES TO THE ACT AND FAILED TO IDENTIFY THESE TRANSACTIONS AS LATE BY USING THE .SLD MODIFIER; FAILED TO REPORT, WITHIN 90 SECONDS AFTER EXECUTION, THIRD MARKET SECURITIES TRANSACTIONS TO ACT AND FAILED TO DESIGNATE THESE TRANSACTIONS AS LATE BY USING THE .SLD MODIFIER; FAILED TO REPORT SHORT SALE TRANSACTIONS TO ACT WITH THE SHORT SALE INDICATOR; AND FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS IN ITS PUBLIC QUOTATION, WHICH IF DISPLAYED, WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SECURITY.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	01/07/2002
<b>Docket/Case Number:</b>	C10020003
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNKNOWN TYPE OF SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 01/07/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$9,500.00

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED \$9,500

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** DURING 1997, GILFORD FAILED TO REPORT 10 TRADES WITHIN 90 SECONDS AND FAILED TO IDENTIFY THEM AS LATE. ALSO DURING 1997, GILFORD FAILED TO REPORT 2 THIRD MARKET TRADES TO ACT WITHIN 90 SECONDS AND FAILED TO IDENTIFY THEM AS LATE. ALSO IN 1997 GILFORD FAILED TO REPORT 23 SHORT SALES TO ACT USING THE SHORT SALE INDICATOR. IN 1998 GILFORD FAILED TO DISPLAY TIMELY 13 CUSTOMER LIMIT ORDERS.

**Initiated By:** NASD

**Date Initiated:** 12/12/2001

**Docket/Case Number:** C 10020003

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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

**Resolution Date:** 01/03/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$9,500.00

**Other Sanctions Ordered:** LETTER OF ACCEPTANCE, WAIVER AND CONSENT

**Sanction Details:** GILFORD SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT, AND WAS CENSURED AND FINED \$9500.00

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, GILFORD SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT, AND WAS CENSURED AND FINED \$9500.00



## Disclosure 9 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT ALLEGEDLY VIOLATED A JULY 10, 1996 CONSENT ORDER ENTERED BY THE BANKING COMMISSIONER IN THAT RESPONDENT SOLD SECURITIES OF C2I SOLUTIONS, INC. TO THE PUBLIC WITHOUT DISTRIBUTING AT LEAST 30% OF THE ISSUE TO UNAFFILIATED SELLING GROUPS. (RESPONDENT WAS SOLE UNDERWRITER AS WELL AS MARKET MAKER.)
<b>Initiated By:</b>	STATE OF CONNECTICUT DEPT. OF BANKING
<b>Date Initiated:</b>	01/05/2000
<b>Docket/Case Number:</b>	NSCF-99-5499-S
<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>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	<ol style="list-style-type: none"> <li>1. NOTICE OF INTENT TO IMPOSE CONDITIONS ON BROKER-DEALER ACTIVITIES ISSUED JANUARY 5, 2000</li> <li>2. NOTICE OF INTENT TO FINE ISSUED JANUARY 5, 2000</li> </ol>
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/26/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	<ol style="list-style-type: none"> <li>1. \$10,000 INVESTIGATIVE COSTS.</li> <li>2. FOR 3 YEARS, REFRAIN FROM SELLING TO ANY CT CLIENT ANY NEW ISSUE FOR WHICH THE FIRM ACTED AS SOLE UNDERWRITER &amp; MARKET MAKER IN AN IPO OCCURRING AFTER 5/26/2000 UNLESS 1) THE FIRM DISTRIBUTED AT LEAST 30% OF THE ISSUE TO 1 OR MORE UNAFFILIATED SELLING GROUPS OR 2) THE SECURITY OR TRANSACTION WAS EXEMPT FROM CT REGISTRATION AND THE EXEMPTION CLAIM WAS SUPPORTED BY AN OPINION OF COUNSEL</li> <li>3. REPORT TO THE AGENCY QUARTERLY FOR 2 YEARS CONCERNING ANY SECURITIES COMPLAINTS, ACTIONS OR PROCEEDINGS INVOLVING CT RESIDENTS</li> <li>4. PAY COSTS, NOT EXCEEDING \$3,500, OF 1 OR MORE EXAMS</li> </ol>



CONDUCTED BY DEPT. STAFF WITHIN 24 MONTHS.

**Sanction Details:**

PLEASE SEE ABOVE.

**Regulator Statement**

RESPONDENT WAS GIVEN AN OPPORTUNITY TO REQUEST A HEARING ON THE JANUARY 5, 2000 NOTICE OF INTENT TO SUSPEND REGISTRATION AS A BROKER-DEALER AND THE JANUARY 5, 2000 NOTICE OF INTENT TO IMPOSE CONDITIONS. A HEARING ON THE JANUARY 5, 2000 NOTICE OF INTENT TO FINE HAS BEEN SCHEDULED FOR FEBRUARY 24, 2000. 5/26/2000 CONSENT ORDER RESOLVED MATTER WITHOUT NEED FOR A HEARING.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

APPLICANT INADVERTENTLY VIOLATED PRIOR CONSENT ORDER BY SELLING AN IPO TO CONNECTICUT RESIDENTS WITHOUT HAVING ANOTHER SELLING GROUP UNDERTAKE 30% OF THE ISSUE.

**Initiated By:**

STATE OF CONNECTICUT-DEPARTMENT OF BANKING

**Date Initiated:**

01/11/2000

**Docket/Case Number:**

NSCF-99-5499-S

**Principal Product Type:**

Equity - OTC

**Other Product Type(s):**

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

Other

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

EXTENSION OF CONSENT ORDER

**Resolution:**

Consent

**Resolution Date:**

05/26/2000

**Sanctions Ordered:**

Monetary/Fine \$50,000.00

**Other Sanctions Ordered:**

PRIOR ORDER WAS RE-INSTATED FOR THREE YEARS, PLUS \$10,000 IN COSTS AND \$15,000 FOR INVESTOR EDUCATION PROGRAMS.

**Sanction Details:**

ON OR ABOUT MAY 26TH, 2000, A FINE OF \$50,000 PLUS \$10,000 IN COSTS AND \$15,000 IN INVESTOR EDUCATION PROGRAMS WAS PAID.

**Firm Statement**

APPLICANT INADVERTENTLY VIOLATED PRIOR CONSENT ORDER BY SELLING AN IPO TO CONNECTICUT RESIDENTS WITHOUT HAVING ANOTHER SELLING GROUP UNDERTAKE 30% OF THE ISSUE.

**Disclosure 10 of 21**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	11/18/1997
<b>Docket/Case Number:</b>	CMS970051 AWC
<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>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/18/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	<p>LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS970051 AWC.</p> <p>ON NOVEMBER 18, 1997, GILFORD SECURITIES, INC. (RGIL) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT RGIL VIOLATED NASD CONDUCT RULE 2110 FOR THE FOLLOWING ACTIVITY:</p> <p>ON DECEMBER 14, 1993, RGIL EFFECTED A SALE OF 4,500 RESTRICTED SHARES OF NMRX COMMON STOCK WHICH FAILED TO MEET THE CONDITIONS SET FORTH UNDER RULE 144.</p> <p>SANCTIONS TO RGIL INCLUDE A CENSURE, A \$2,500 FINE AND REMITTAL OF PROFITS OF \$360. .</p>





\*\*\*\*\* \$2,860 FULLY PAID AS OF 3/5/98, INVOICE NO. 98-MS-150  
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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED THAT AN AFFILIATE OF NUMEREX CORP. SOLD 4,500 RESTRICTED SHARES OF ITS COMMON STOCK THROUGH GILFORD, AND THAT GILFORD FAILED TO DETERMINE THAT THE NUMBER OF SHARES SOLD EXCEEDED THE GREATER OF 1% OF THE OUTSTANDING SHARES OF THE AVERAGE WEEKLY TRADING VOLUME FOR THE PRECEDING FOUR WEEKS.

**Initiated By:** NASD

**Date Initiated:** 02/01/1997

**Docket/Case Number:** CMS970051

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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

**Resolution Date:** 11/18/1997

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

**Other Sanctions Ordered:** LETTER OF ACCEPTANCE, WAIVER AND CONSENT.

**Sanction Details:** GILFORD SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT, AND WAS CENSURED, FINED \$2500, AND REMITTED PROFITS OF \$360.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, GILFORD SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT, AND WAS CENSURED, FINED \$2500, AND REMITTED PROFITS OF \$360.

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#### Disclosure 11 of 21

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** THE ARIZONA CORPORATION COMMISSION ALLEGED THAT GILFORD SECURITIES INC. WAS IN VIOLATION OF THE ARIZONA SECURITIES ACT IN THAT THE RESPONDENT ALLOWED A SALESMAN TO TRANSACT BUSINESS WITH ARIZONA RESIDENTS WITHOUT BEING PROPERLY REGISTERED.

**Initiated By:** ARIZONA CORPORATION COMMISSION, SECURITIES DIVISION.

**Date Initiated:** 06/26/1996

**Docket/Case Number:** S-3113-I

**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:** 06/26/1996

**Sanctions Ordered:** Monetary/Fine \$52,500.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** IN AN ADMINISTRATIVE ORDER DATED, JUNE 26, 1996, WITHOUT ADMITTING OR DENYING GUILT, RESPONDENT AGREED TO CEASE & DESIST FROM VIOLATION OF THE ARIZONA SECURITIES ACT (THE "ACT") INCLUDING, BUT NOT LIMITED TO, OFFERING TO SELL OR SELLING ANY SECURITIES WITHIN OR FROM THE STATE OF ARIZONA UNLESS ITS SALESMEN ARE REGISTERED AS SUCH PURSUANT TO THE PROVISIONS OF THE ACT. GILFORD WAS ALSO ORDERED TO PAY RESTITUTION TO AN ARIZONA RESIDENT IN THE AMOUNT OF \$50,000 AND TO PAY AN ADMINISTRATIVE PENALTY IN THE AMOUNT OF \$2,500 TO THE STATE OF ARIZONA FOR DEPOSIT INTO THE STATE'S GENERAL FUND.

**Regulator Statement** MATT NEUBERT (602) 542-4242

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**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	ARIZONA ALLEGED THAT ONE OF GILFORD'S FORMER AE, STEPHEN THORLEIF RANGEN OFFERED AND SOLD SECURITIES TO ARIZONA RESIDENTS WITHOUT BEING REGISTERED IN THAT STATE.
<b>Initiated By:</b>	STATE OF ARIZONA
<b>Date Initiated:</b>	11/15/1995
<b>Docket/Case Number:</b>	S3113I
<b>Principal Product Type:</b>	Equity - OTC
<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>	Settled
<b>Resolution Date:</b>	06/26/1996
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	CONSENT ORDER.
<b>Sanction Details:</b>	GILFORD CONSENTED TO AN ARIZONA COMMISSION ORDER. THE COMMISSION ORDERED GILFORD TO PAY \$50,000 OF THE \$67,840.55 IN RESTITUTION TO THE INVESTOR. GILFORD ALSO PAID A \$2500 ADMINISTRATIVE PENALTY.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, GILFORD CONSENTED TO AN ARIZONA COMMISSION ORDER. THE COMMISSION ORDERED GILFORD TO PAY \$50,000 OF THE \$67,840.55 IN RESTITUTION TO THE INVESTOR. GILFORD ALSO PAID A \$2500 ADMINISTRATIVE PENALTY. GILFORD HAS BEEN DUALY REGISTERED WITH THE STATE OF ARIZONA SINCE 02/19/86.

#### Disclosure 12 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	06/10/1997



**Docket/Case Number:**

**Principal Product Type:**

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/10/1997

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960227 AWC.

ON JUNE 10, 1997, GILFORD SECURITIES, INC. (RGIL) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT RGIL VIOLATED MARKETPLACE RULES 4632 AND 6620 FOR THE FOLLOWING ACTIVITY: RGIL FAILED TO REPORT 14 TRANSACTIONS, REPORTED ONE TRANSACTION WHEN NOT REQUIRED TO REPORT, FAILED TO REPORT 16 TRANSACTIONS WITH THE PROPER MODIFIER, RECORDED INACCURATE TIME ON THREE ORDER TICKETS AND FAILED TO REPORT ONE TRANSACTION EXECUTED OUTSIDE OF NORMAL MARKET HOURS. RGIL WAS CENSURED AND FINED \$10,000.

\*\*\*\$10,000.00 PAID ON 07/14/97, INVOICE #97-MS-550\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED THAT GILFORD VIOLATED MARKETPLACE RULES 4632 AND 6620 REGARDING 35 TRANSACTIONS OUT OF A TOTAL OF APPROXIMATELY 120,000 TRANSACTIONS EXECUTED BY GILFORD DURING THE RELEVANT TIME PERIOD.



**Initiated By:** NASD  
**Date Initiated:** 12/01/1995  
**Docket/Case Number:** CMS-960227  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 06/10/1997  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** GILFORD SUBMITTED A LETTER OF ACCPETANCE, WAIVER AND CONSENT AND WAS CENSURED AND FINED \$10,000.  
**Firm Statement** WITHOUT ADMITTING OR DENYING THESE ALLEGATIONS GILFORD SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT AND WAS CENSURED AND FINED \$10,000.

#### Disclosure 13 of 21

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 08/27/1996  
**Docket/Case Number:** C10960134  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**


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

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

**Resolution Date:** 08/27/1996

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**
**Sanction Details:**

**Regulator Statement** ON AUGUST 27, 1996, DISTRICT NO. 10 NOTIFIED GILFORD SECURITIES, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C10960134 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$1,000 - (NASD RULE 2110 (FORMERLY ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE) - IN CONTRAVENTION OF THE BOARD OF GOVERNORS FREE-RIDING AND WITHHOLDING INTERPRETATION, RESPONDENT MEMBER SOLD SHARES OF AN INITIAL PUBLIC OFFERING WHICH TRADED AT A PREMIUM IN THE IMMEDIATE AFTERMARKET TO A RESTRICTED PERSON).

\*\*\*\$1,000.00 PAID ON 09/17/96, INVOICE #96-10-696\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED THAT AN INDIVIDUAL WHO MAINTAINED ACTIVE SERIES 6 AND 22 REGISTRATIONS WITH ANOTHER BROKER-DEALER PURCHASED THROUGH GILFORD, 500 SHARES OF AN IPO THAT TRADED AT AN IMMEDIATE PREMIUM AT THE COMMENCEMENT OF AFTER-MARKET TRADING.

**Initiated By:** NASD

**Date Initiated:** 08/28/1996

**Docket/Case Number:** C10960134

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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


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

**Resolution:** Consent

**Resolution Date:** 09/16/1996

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** GILFORD CONSENTED TO THE ENTRY OF FINDINGS BY THE NASD. THE NASD IMPOSED THE LOWEST FORMAL PENALTY, A CENSURE AND A FINE OF \$1000.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, GILFORD CONSENTED TO THE ENTRY OF FINDINGS BY THE NASD. THE FIRM HAD NO PRIOR KNOWLEDGE OF THE TRANSACTION. THE NASD IMPOSED THE LOWEST FORMAL PENALTY, A CENSURE AND A FINE OF \$1000.

**Disclosure 14 of 21**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FROM AT LEAST 10/92 THROUGH 8/93, THE FIRM ALLEGEDLY 1) EMPLOYED UNREGISTERED AGENTS IN VIOLATION OF C.G.S. 36b-6(b); 2) OFFERED AND SOLD UNREGISTERED NON-EXEMPT SECURITIES IN VIOLATION OF SECTION 36b-16 OF THE ACT; 3) FAILED REASONABLY TO SUPERVISE ITS AGENTS; 4) FAILED TO APPLY ITS WRITTEN SUPERVISORY PROCEDURES SO AS TO PREVENT AND/OR DETECT VIOLATIONS OF STATE LAW; and 5) USED EXCESSIVE MARK-UPS IN CONNECTION WITH THE SALES OF SECURITIES OF ONE ISSUER.

**Initiated By:** CONNECTICUT DEPT. OF BANKING

**Date Initiated:** 07/10/1996

**Docket/Case Number:** 96-2695-CO

**URL for Regulatory Action:**

**Principal Product Type:**

**Other Product Type(s):**

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



## Other Sanction(s)/Relief Sought:

**Resolution:** Consent

**Resolution Date:** 07/10/1996

**Sanctions Ordered:** Monetary/Fine \$20,000.00

## Other Sanctions Ordered:

## Sanction Details:

ALLEGATIONS RESOLVED VIA CONSENT ORDER DATED 7/10/96. CONSENT ORDER RECITED THAT THE FIRM WOULD OFFER RESCISSION TO CERTAIN CT CUSTOMERS WHO PURCHASED UNREGISTERED NON-EXEMPT SECURITIES; CONTRIBUTE \$5,000 TO THE DEPT.'S INVESTOR EDUCATION FUND; AND HAVE CERTAIN MEMBERS OF SENIOR MANAGEMENT COMPLETE THE REGULATORY ELEMENT OF THE NASD'S CONTINUING EDUCATION PROGRAM. SPECIFIC TERMS OF THE CONSENT ORDER INCLUDED A REQUIREMENT THAT, FOR 2 YEARS, THE FIRM DESIGNATE A SERIES 24 PRINCIPAL TO ACT AS COMPLIANCE OFFICER FOR THE FIRM'S GREENWICH, CT BRANCH OFFICE, AND THAT THE FIRM RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS COMPLIANCE PROCEDURES. THE CONSENT ORDER ALSO PRECLUDED THE FIRM FOR 2 YEARS FROM MAKING ANY CT SALES OF NEW ISSUES FOR WHICH THE FIRM ACTED AS SOLE UNDERWRITER AND WAS A MARKET MAKER UNLESS 1) THE FIRM DISTRIBUTED AT LEAST 30% OF THE ISSUE TO 1 OR MORE UNAFFILIATED SELLING GROUPS; OR 2) THE SECURITY OR TRANSACTION WAS EXEMPT FROM CT SECURITIES REGISTRATION REQUIREMENTS. THE CONSENT ORDER ALSO PROVIDED THAT THE FIRM SET UP PROCEDURES TO REASONABLY ENSURE THAT ALL TRADING ACTIVITIES FOR CT CUSTOMERS BE EXECUTED FROM THE FIRM'S MAIN OFFICE; THIS OBLIGATION WOULD EXTEND FOR 2 YEARS. IN ADDITION, THE CONSENT ORDER ASSESSED THE FIRM \$50,000 - \$20,000 OF THIS AMOUNT CONSTITUTED A FINE, AND THE BALANCE OF \$30,000 REPRESENTED REIMBURSEMENT FOR AGENCY INVESTIGATIVE COSTS. FINALLY, THE CONSENT ORDER REQUIRED THE FILING OF WRITTEN QUARTERLY REPORTS FOR 2 YEARS WITH THE DEPT.; SUCH REPORTS WOULD DESCRIBE ANY COMPLAINTS, ACTIONS OR PROCEEDINGS INVOLVING CT RESIDENTS.

## Regulator Statement

CONTACT: ERIC WILDER, 860-240-8232.





<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED, IN ADDITION TO OTHER ITEMS, THAT GILFORD MAY HAVE EMPLOYED BROKERS WHO OFFERED OR SOLD SECURITIES BEFORE THEIR REGISTRATION TRANSFERRED, SOLD SECURITIES NOT EXEMPT FROM REGISTRATIONS OF CT BLUE SKY LAWS AND FAILED TO APPLY ITS SUPERVISORY PROCEDURES.
<b>Initiated By:</b>	STATE OF CONNECTICUT
<b>Date Initiated:</b>	06/01/1996
<b>Docket/Case Number:</b>	96-2695-CO
<b>Principal Product Type:</b>	Equity - OTC
<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>	07/10/1996
<b>Sanctions Ordered:</b>	Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	CONSENT ORDER AND RESCISON TO CERTAIN CT CUSTOMERS.
<b>Sanction Details:</b>	CONSENT ORDER, FINE OF \$20,000 AND RESCISON TO CERTAIN CT CUSTOMERS.
<b>Firm Statement</b>	GILFORD AGREED TO A CONSENT ORDER WITHOUT ADMITTING OR DENYING ANY WRONGDOING. THE FINE WAS \$20,000. THE FIRM AGREED TO OFFER RESCISON TO CERTAIN CT CUSTOMERS. GILFORD SECURITIES HAS BEEN DUALY REGISTERED WITH THE STATE OF CONNECTICUT SINCE APRIL 24, 1980.

#### Disclosure 15 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 27 OF THE RFP
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



<b>Date Initiated:</b>	07/19/1994
<b>Docket/Case Number:</b>	CMS940056
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	03/06/1995
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	VARIOUS UNDERTAKINGS INVOLVING AMENDING AND STRENGTHING ITS SUPERVISORY PROCEDURES.
<b>Sanction Details:</b>	\$30,000.00 J&S PAID 3/27/95.
<b>Regulator Statement</b>	<p>[TOP] MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS940056. THIS COMPLAINT WAS FILED ON 07/19/1994 BY THE MARKET SURVEILLANCE COMMITTEE (MSC) AGAINST ELIAS D. ARGYROPOULOS (ARGYOPOLULOS), RALPH WORTHINGTON IV (WORTHINGTON), CHRISTOPHER J. BENZ (BENZ) AND GILFORD SECURITIES, INC. (GILFORD). THE COMPLAINT CONTAINS SEVEN CAUSES OF COMPLAINT. IN THE FIRST SIX CAUSES, ARGYROPOULOS IS CHARGED WITH THE FOLLOWING VIOLATIONS OF NASD RULES OF FAIR PRACTICE (RFP): ARTICLE III, SECTION 1 AND 15(B) (USE OF DISCRETION WITHOUT WRITTEN AUTHORITY) ARTICLE III, SECTION 1 (UNAUTHORIZED TRANSACTIONS). ARTICLE III, SECTIONS 1 AND 2 (UNSUITABLE TRANSACTIONS). ARTICLE III, SECTIONS 1 AND 19(F) (SHARING IN CUSTOMER'S LOSSES). ARTICLE III, SECTION 1 AND 19(E) (GUARANTEEING CUSTOMERS AGAINST LOSS). ARTICLE III, SECTIONS 1 AND 18 (MANIPULATION AND DECEPTIVE PRACTICES) THE SEVENTH CAUSE CHARGES WORTHINGTON, BENZ, AND GILFORD WITH VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 27 OF THE RFP FOR A FAILURE TO ENFORCE ITS SUPERVISORY PROCEDURES AND FAILED TO REASONABLY SUPERVISE ARGYROPOULOS.</p> <p>THE MSC ACCEPTED THE SINGLE OFFER OF SETTLEMENT (OFFER OR OFFERS) BY ARGYROPOULOS AND THE OFFER JOINTLY SUBMITTED BY WORTHINGTON AND GILFORD IN ITS DECISION AND ORDER OF ACCEPTANCE OF RESPONDENTS' OFFERS OF SETTLEMENT ISSUED 06/06/1995. UNDER THE TERMS OF THE OFFERS, THE MSC FOUND THE VIOLATIONS AS ALLEGED AGAINST GILFORD IN THE SEVENTH CAUSE OF</p>



THE COMPLAINT. BASED UPON ITS FINDINGS AND THE AGREED UPON SANCTIONS THE MSC IMPOSED THE FOLLOWING SANCTION: WORTHINGTON IS CENSURED AND FINED \$30,000 JOINTLY AND SEVERALLY (J/S) WITH GILFORD; AND GILFORD IS CENSURED AND FINED \$30,000 J/S WITH WORTHINGTON. IN ADDITION, GILFORD AGREES TO VARIOUS UNDERTAKINGS INVOLVING AMENDING AND STRENGTHENING ITS SUPERVISORY PROCEDURES. SUCH UNDERTAKINGS WERE ATTACHED TO THE DECISION AS EXHIBIT A. \*\*\*\$30,000.00 J&S PAID 3/27/95.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE NASD MARKET SURVEILLANCE COMMITTEE ALLEGED WRONGFUL CONDUCT BY FORMER AE ELIAS ARGYROPOULOUS IN CONNECTION WITH TRANSACTIONS EFFECTED IN THE ACCOUNTS OF 5 CUSTOMERS. ADDITIONALLY, RALPH WORTHINGTON, CHRIS BENZ, FORMER BM, AND GILFORD, ARE CHARGED WITH FAILURE TO SUPERVISE ARGYROPOULOUS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	07/19/1994
<b>Docket/Case Number:</b>	CMS-940056
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE, OFFER OF SETTLEMENT
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	07/19/1994
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	GILFORD AND WORTHINGTON MADE A SETTLEMENT OF ALLEGATIONS AND TO THE IMPOSITION OF PENALTIES OF CENSURE AND FINE OF \$30,000 JOINTLY AND SEVERALLY.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, GILFORD AND WORTHINGTON MADE A SETTLEMENT OF ALLEGATIONS AND TO THE



IMPOSITION OF PENALTIES OF CENSURE AND FINE OF \$30,000 JOINTLY AND SVERALLY. BY LETTER DATED 03/06/95, THE NASD ADVISED GILFORD THAT THE OFFER OF SETTLEMENT HAD BEEN ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE.

Disclosure 16 of 21	
Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT GILFORD SECURITIES, INC. BY AND THROUGH UNREGISTERED SALESPERSON KNOWN AS EVELYN LITWOK AND CHRISTOPHER BENZ SOLD UNREGISTERED SECURITIES. GILFORD SECURITIES, INC. WAS FINED \$1,000.00 AND THE RESPONDENT SHALL MAKE AN OFFER TO RESCIND THE SALE OF THOSE SECURITIES WHICH WERE SOLD TO ILLINOIS RESIDENTS.
Initiated By:	ILLINOIS SECURITIES DEPARTMENT
Date Initiated:	12/03/1993
Docket/Case Number:	9300119
URL for Regulatory Action:	
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	02/16/1994
Sanctions Ordered:	Censure Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT ORDER OF CENSURE AND FINE WAS ISSUED FEBRUARY 16, 1994.
Regulator Statement	CONTACT: 217-785-4940



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	GILFORD SOLD SECURITIES IN ILLINOIS THROUGH UNREGISTERED SALESPERSONS.
<b>Initiated By:</b>	ILLINOIS SECURITIES DEPARTMENT
<b>Date Initiated:</b>	12/03/1993
<b>Docket/Case Number:</b>	9300119
<b>Principal Product Type:</b>	Equity - OTC
<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>	Settled
<b>Resolution Date:</b>	04/20/1994
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	GILFORD WAS CENSURED AND FINED \$1000 AND ORDERED TO PROVIDE RECISION TO ONE ILLINOIS CLIENT FOR NON-REGISTRATION BY TWO SALESPERSONS.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATION, AND SOLELY FOR THE PURPOSE OF SETTLEMENT, GILFORD WAS CENSURED AND FINED \$1000 AND ORDERED TO PROVIDE RECISION TO ONE ILLINOIS CLIENT FOR NON-REGISTRATION BY TWO SALESPERSONS. GILFORD SECURITIES HAS BEEN DUALY REGISTERED WITH THE STATE OF ILLINOIS SINCE NOVEMBER 10, 1980.

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**Disclosure 17 of 21**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NEIGHER THE SECURITY OR TRANSACTIONS IN WHICH THEY WERE OFFERED WERE EXEMPT FROM REGISTRATION.
<b>Initiated By:</b>	KANSAS SECURITIES COMMISSIONER



<b>Date Initiated:</b>	06/11/1993
<b>Docket/Case Number:</b>	93E030/92-2280
<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>	Consent
<b>Resolution Date:</b>	06/11/1993
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ENTERED INTO CONSENT ORDER TO CEASE VIOLATING THE KANSAS SECURITIES ACT.
<b>Regulator Statement</b>	UNREGISTERED AGENT SELLING UNREGISTERED SECURITIES TO KANSAS RESIDENT.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NEITHER THE SECURITY NOR THE TRANSACTION IN WHICH IT WAS OFFERED WERE EXEMPT FROM REGISTRATION.
<b>Initiated By:</b>	KANSAS SECURITIES COMMISSIONER
<b>Date Initiated:</b>	06/11/1993
<b>Docket/Case Number:</b>	93E030/92-2280
<b>Principal Product Type:</b>	Equity - OTC
<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



**Resolution Date:** 06/16/1993

**Sanctions Ordered:**

**Other Sanctions Ordered:** CONSENT ORDER.

**Sanction Details:** GILFORD AND THE AGENT, ROSS GREENBURG, ENTERED INTO A CONSENT ORDER TO CEASE VIOLATING THE KANSAS SECURITIES ACT.

**Firm Statement** GILFORD AND GREENBURG STIPULATED TO THE CONSENT ORDER BUT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS.THE COMISSIONER AGREED THAT THE CONSENT ORDER, IN AND OF ITSELF, WOULD NOT BE THE BASIS FOR ANY SUBSEQUENT ORDER DENYING APPLICATIONS FOR REGISTRATION MADE BY THE RESPONDENTS. GILFORD HAS BEEN DUALY REGISTERED WITH KANSAS SINCE MARCH 7, 1996.

#### Disclosure 18 of 21

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 12/24/1984

**Docket/Case Number:** NY-3009

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 11/04/1985

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

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** COMPLAINT NO. NY-3009 FILED DECEMBER 24, 1984 BY DISTRICT NO. 12 AGAINST GILFORD SECURITIES, INCORPORATED, JANICE AFFLIXIO,



LAURA W. EVANS, LUCINDA MORRISSEY AND RALPH WORTHINGTON  
 ALLEGING VIOLATIONS OF ARTICLE III, SECTION 1 OF THE RULES OF  
 FAIR PRACTICE IN THAT RESPONDENTS FAILED TO MAKE A BONA FIDE  
 PUBLIC DISTRIBUTION OF NEW ISSUES THAT TRADED AT IMMEDIATE  
 PREMIUMS IN THE SECONDARY MARKET IN THAT SHARES WERE SOLD TO  
 RESTRICTED ACCOUNTS IN CONTRAVENTION OF THE BOARD OF  
 GOVERNORS'  
 INTERPRETATION WITH RESPECT TO FREE-RIDING AND WITHHOLDING.

DECISION RENDERED NOVEMBER 4, 1985, WHEREIN THE OFFER OF  
 SETTLEMENT SUBMITTED BY THE RESPONDENTS WAS ACCEPTED;  
 THERFORE,  
 RESPONDENTS MEMBER, EVANS, MORRISSEY AND WORTHINGTON ARE  
 CENSURED AND FINED \$10,000, JOINTLY AND SEVERALLY. THE  
 COMPLAINT IS DISMISSED WITH REGARD TO RESPONDENT AFFLIXIO IN  
 THAT SHE MERELY PERFORMED AT THE DIRECTION OF HER SUPERIORS,  
 THE PURELY MINISTERIAL TASK OF PREPARING THE ORDER TICKETS FOR  
 THE TRADES THAT SHE DID NOT KNOW THE IDENTITY OF THE  
 PURCHASERS  
 AND RECEIVED NO COMMISSION IN CONNECITON THEREWITH.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE NASD ALLEGED THAT GILFORD, RALPH WORTHINGTON AND CERTAIN OTHER NON-CONTROL EMPLOYEES VIOLATED ARTICLE III SECTION I OF THE RULES OF FAIR PRACTICE OF THE NASD.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	03/23/1982
<b>Docket/Case Number:</b>	NY-3009
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	OFFER OF SETTLEMENT.
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	11/05/1985





<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	OFFER OF SETTLEMENT.
<b>Sanction Details:</b>	NASD ACCEPTED AN OFFER OF SETTLEMENT BY GILFORD. GILFORD PAID A \$10,000 FINE. GILFORD AND WORTHINGTON CONSENTED TO THE ORDER WITHOUT ADMITTING OR DENYING THE TRUTH THEREOF. THE ORDER INCLUDED A CENSURE OF GILFORD AND WORTHINGTON.
<b>Firm Statement</b>	THE NASD ACCEPTED AN OFFER OF SETTLEMENT BY GILFORD. GILFORD PAID A \$10,000 FINE. GILFORD AND WORTHINGTON CONSENTED TO THE ORDER WITHOUT ADMITTING OR DENYING THE TRUTH THEREOF.

#### Disclosure 19 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	GEORGIA
<b>Date Initiated:</b>	08/01/1983
<b>Docket/Case Number:</b>	50-83-8019(A)
<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>	Consent
<b>Resolution Date:</b>	10/05/1983
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	COMMISSIONER OF SECURITIES, STATE OF GEORGIA, IN THE MATTER OF GILFORD SECURITIES, CASE NO. 50-83-8019(A). THE GEORGIA SECURITIES COMMISSION FOUND THAT GILFORD SECURITIES PERMITTED EDWIN BENDER, ONE OF THE SALESMAN FOR



THE  
FIRM, TO EFFECT TRANSACTIONS WITHIN THE STATE OF GEORGIA  
WITHOUT BEING PROPERLY REGISTERED. WITHOUT ADMITTING OR  
DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO AN ORDER TO  
CEASE AND DESIST FROM FURTHER SUCH VIOLATIONS OF THE ACT.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	AN INVESTIGATION WAS CONDUCTED BY THE ENFORCEMENT STAFF OF THE GEORGIA COMMISSIONER OF SECURITIES INTO ALLEGED VIOLATIONS BY GILFORD, OF CERTAIN REGISTRATION AND OTHER PROVISIONS OF THE GEORGIA SECURITIES ACT OF 1973.
<b>Initiated By:</b>	STATE OF GEORGIA
<b>Date Initiated:</b>	08/01/1983
<b>Docket/Case Number:</b>	50-83-8019(A)
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ORDER OF SETTLEMENT
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	10/05/1983
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	ISSUANCE OF ORDER OF SETTLEMENT.
<b>Sanction Details:</b>	AN ORDER OF SETTLEMENT WAS ISSUED, ORDERING GILFORD AND ITS OFFICERS AND EMPLOYEES TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF THE GEORGIA SECURITIES ACT OF 1973 AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER.
<b>Firm Statement</b>	IN CONSENTING TO THE ISSUANCE OF THE FINAL ORDER OF SETTLEMENT, GILFORD NEITHER ADMITTED OR DENIED THE ALLEGED VIOLATIONS OF THE GEORGIA SECURITIES ACT OF 1973. GILFORD IS CURRENTLY IN GOOD STANDING WITH THE STATE OF GEORGIA AND HAS BEEN DUALY REGISTERED WITH THE STATE OF GEORGIA SINCE 11/25/1981.



## Disclosure 20 of 21

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FALSE OR MISLEADING STATEMENTS MADE IN CONNECTION WITH A BROKER-DEALER REGISTRATION APPLICATION
<b>Initiated By:</b>	VERMONT SECURITIES DIVISION
<b>Date Initiated:</b>	02/03/1994
<b>Docket/Case Number:</b>	93-059-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>	Consent
<b>Resolution Date:</b>	02/06/1995
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT ENTERED INTO A STIPULATION, AGREEMENT AND ORDER WHEREIN IT NEITHER ADMITTED NOR DENIED THE DIVISION'S ALLEGATIONS WITH RESPECT TO FALSE OR MISLEADING STATEMENTS CONTAINED WITHIN ITS BROKER-DEALER REGISTRATION APPLICATION. RESPONDENT AGREED TO TENDER A \$5,000.00 ADMINISTRATIVE PENALTY AND \$6,500.00 IN COSTS. RESPONDENT WAS PERMITTED TO WITHDRAW ITS BROKER-DEALER APPLICATION WITHOUT PREJUDICE AND IS PERMITTED TO REAPPLY AFTER 2/15/95.
<b>Regulator Statement</b>	THE DIVISION FILED A NOTICE OF INTENT TO DENY REGISTRATION AND IMPOSE ADMINISTRATIVE PENALTY ON 2/3/94. THE DIVISION ALLEGED THAT RESPONDENT HAD TRANSACTED BUSINESS PRIOR TO REGISTRATION IN CONNECTION WITH THE GREEN MOUNTAIN COFFEE ROASTERS OFFERING AND MADE FALSE AND MISLEADING STATEMENTS IN



ITS BROKER-DEALER REGISTRATION APPLICATION CONCERNING ENFORCEMENT ACTIONS TAKEN BY THE STATES OF ALABAMA AND MISSOURI. THE DIVISION ULTIMATELY AGREE TO DROP ITS ALLEGATION CONCERNING TRANSACTING BUSINESS AS AN UNREGISTERED BROKER-DEALER. RESPONDENT AGREED TO ENTER INTO A STIPULATION, AGREEMENT AND ORDER IN SETTLEMENT OF THIS MATTER. CONTACT: ENFORCEMENT ATTORNEY (802) 828-3420

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	STATE OF VERMONT ALLEGED THAT GILFORD MADE MISLEADING STATEMENTS IN FORM BD FILED WITH VERMONT.
<b>Initiated By:</b>	STATE OF VERMONT
<b>Date Initiated:</b>	02/03/1994
<b>Docket/Case Number:</b>	93-059-S
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	STIPULATION AGREEMENT AND ORDER.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	02/06/1995
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	STIPULATION AGREEMENT AND ORDER. APPLICANT PAID \$5000 ADMINISTRATIVE PENALTY AND \$6500 IN COSTS INCURRED BY THE STATE OF VERMONT.
<b>Sanction Details:</b>	STIPULATION AGREEMENT AND ORDER, APPLICANT PAID \$5000 ADMINISTRATIVE PENALTY AND \$6500 IN COSTS INCURRED BY THE STATE OF VERMONT.
<b>Firm Statement</b>	THE APPLICANT AND VERMONT ENTERED INTO A STIPULATION AGREEMENT AND ORDER ON 02/06/95 TO SETTLE THIS MATTER. THE APPLICANT PAID A \$5000 ADMINSTRATIVE PENALTY AND \$6500 IN COSTS INCURRED BY THE STATE OF VERMONT. APPLICANT WITHDREW ITS BD APPLICATION. GILFORD SECURITIES HAS BEEN DUALY REGISTERED WITH THE STATE OF VERMONT SINCE 06/13/95.



Disclosure 21 of 21

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: WISCONSIN

Date Initiated: 07/22/1983

Docket/Case Number:

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief  
Sought:

Other Sanction(s)/Relief  
Sought:

Resolution: Consent

Resolution Date: 07/22/1983

Regulator Statement

GILFORD SECURITIES  
WISCONSIN SECURITIES COMMISSION, AUGUST 1983 BULLETIN ON  
JULY 22, 1983, THE COMMISSIONER ISSUED A CONSENT ORDER AGAINST  
GILFORD SECURITIES, CARNEGIE INVESTOR SERVICES, INC. H. ROBERT  
HOLMES AND WILLIAM UTE RESPONDENTS. THE ORDER PROHIBITS ALL  
FOUR RESPONDENTS FROM MAKING FURTHER OFFERS OR SALES OF  
SECURITIES TO PERSONS IN WISCONSIN UNLESS THE SECURITIES ARE  
REGISTERED OR PROPERLY EXEMPTED FROM REGISTRATION. THE  
ORDER  
FURTHER STATES THAT THE RESPONDENTS ARE NOT TO TRANSACT  
BUSINESS WITHIN THE STATE UNLESS THEY ARE PROPERLY REGISTERED  
AS BROKER-DEALERS OR AGENTS. THE ORDER WAS BASED ON STAFF  
ALLEGATIONS THAT THE RESPONDENTS EFFECTED TRANSACTIONS  
WITHIN  
THE STATE IN WHICH THE SECURITIES WERE NOT PROPERLY  
REGISTERED  
WITH THE COMMISSION AND THAT THE RESPONDENTS WERE NOT  
PROPERLY  
LICENSED TO SELL SECURITIES WITHIN THE STATE.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE RESPONDENTS EFFECTED TRANSACTIONS WITHIN THE STATE IN WHICH THE SECURITIES WERE NOT PROPERLY REGISTERED AND THE RESPONDENTS WERE NOT PROPERLY LICENSED TO SELL SECURITIES WITHIN THE STATE.
<b>Initiated By:</b>	STATE OF WISCONSIN
<b>Date Initiated:</b>	05/01/1983
<b>Docket/Case Number:</b>	
<b>Principal Product Type:</b>	Equity - OTC
<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>	07/22/1983
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	CONSENT ORDER.
<b>Sanction Details:</b>	A CONSENT ORDER WAS ISSUED PROHIBITING GILFORD, HOLMES AND ANY OFFICERS, EMPLOYEES AND/OR AGENTS FROM TRANSACTING BUSINESS IN WISCONSIN WITHOUT PRIOR COMPLIANCE WITH APPLICABLE REGISTRATION.
<b>Firm Statement</b>	GILFORD AND HOLMES, IN CONSENTING TO THE ISSUANCE OF THE CONSENT ORDER NEITHER ADMITTED NOR DENIED THE ALLEGED VIOLATIONS OF WISCONSIN SECURITIES' LAWS. GILFORD SECURITIES HAS BEEN DUALY REGISTERED WITH THE STATE OF WISCONSIN SINCE JUNE 1, 1984.



## 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 29

<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-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	03/01/2000
<b>Case Number:</b>	<a href="#">00-00732</a>
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$351,177.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	05/07/2001
<b>Sum of All Relief Awarded:</b>	\$65,202.01

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 29

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	10/13/2000
<b>Case Number:</b>	<a href="#">00-03012</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES



**Sum of All Relief Requested:** \$204,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/24/2002  
**Sum of All Relief Awarded:** \$4,000.00

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

#### Disclosure 3 of 29

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY;  
ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-  
FAILURE TO SUPERVISE  
**Arbitration Forum:** NASD  
**Case Initiated:** 04/13/2007  
**Case Number:** [07-01138](#)  
**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$493,462.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/01/2008  
**Sum of All Relief Awarded:** \$58,000.01

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

#### Disclosure 4 of 29

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-  
MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS;  
ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT;  
ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-  
NEGLIGENCE; OTHER-OTHER  
**Arbitration Forum:** FINRA





**Case Initiated:** 12/05/2012  
**Case Number:** [12-04083](#)  
**Disputed Product Type:**  
**Sum of All Relief Requested:** \$900,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/11/2017  
**Sum of All Relief Awarded:** \$206,783.01

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 5 of 29

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** NO OTHER CONTROVERSY INVOLVED; EMPLOYMENT-COMMISSIONS;  
EMPLOYMENT-COMPENSATION  
**Arbitration Forum:** NASD  
**Case Initiated:** 11/19/1990  
**Case Number:** [90-02711](#)  
**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$71,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/29/1991  
**Sum of All Relief Awarded:** \$19,083.00

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 6 of 29

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-  
SUITABILITY; ACCOUNT RELATED-NEGLIGENCE; UNKNOWN TYPE OF



## CONTROVERSIES

**Arbitration Forum:** NASD

**Case Initiated:** 01/14/1992

**Case Number:** [91-03817](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS

**Sum of All Relief Requested:** \$33,750.72

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/09/1992

**Sum of All Relief Awarded:** \$10,975.31

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 05/28/1992

**Case Number:** [92-01712](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; WARRANTS/RIGHTS

**Sum of All Relief Requested:** \$239,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/09/1993

**Sum of All Relief Awarded:** \$150,000.00

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

## Disclosure 8 of 29

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 08/03/1992

**Case Number:** [92-02298](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$10,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/13/1993

**Sum of All Relief Awarded:** \$3,423.50

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

#### Disclosure 9 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 04/05/1994

**Case Number:** [94-00586](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$425,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/26/1996

**Sum of All Relief Awarded:** \$905,000.00

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 29**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/19/1994
<b>Case Number:</b>	<a href="#">94-01769</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$903,331.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/08/1996
<b>Sum of All Relief Awarded:</b>	\$175,000.00

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

**Disclosure 11 of 29**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/28/1994
<b>Case Number:</b>	<a href="#">94-05241</a>
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$45,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	10/10/1996
<b>Sum of All Relief Awarded:</b>	\$16,000.00

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

#### Disclosure 12 of 29

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/10/1996
<b>Case Number:</b>	<a href="#">96-00028</a>
<b>Disputed Product Type:</b>	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>	04/29/1997
<b>Sum of All Relief Awarded:</b>	\$6,000.00

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

#### Disclosure 13 of 29

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	02/23/1996
<b>Case Number:</b>	<a href="#">96-00378</a>
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	Unspecified Damages
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	07/28/1998



**Sum of All Relief Awarded:** \$20,000.00

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

#### Disclosure 14 of 29

**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:** 04/22/1996

**Case Number:** [96-01144](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; OPTIONS; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$65,819.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 01/27/1997

**Sum of All Relief Awarded:** \$25,832.00

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

#### Disclosure 15 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 06/27/1996

**Case Number:** [96-01982](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



**Sum of All Relief Requested:** \$111,858.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/06/2001

**Sum of All Relief Awarded:** \$111,858.00

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 06/27/1996

**Case Number:** [96-02605](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$100,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/20/1998

**Sum of All Relief Awarded:** \$81,150.00

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

#### Disclosure 17 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-FAILURE TO SUPERVISE; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 07/09/1996



**Case Number:** [96-02861](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$200,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/30/1997

**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 18 of 29

**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:** NASD

**Case Initiated:** 12/09/1996

**Case Number:** [96-05293](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$388,285.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/18/1997

**Sum of All Relief Awarded:** \$310,614.00

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 29

**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





**Arbitration Forum:** NASD

**Case Initiated:** 12/19/1996

**Case Number:** [96-05561](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$466,840.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/03/1997

**Sum of All Relief Awarded:** \$27,050.00

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 01/13/1997

**Case Number:** [96-05683](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$400,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/13/1999

**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 21 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-



UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT;  
ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 04/17/1997

**Case Number:** [97-00904](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$500,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/19/1999

**Sum of All Relief Awarded:** \$60,000.00

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

#### Disclosure 22 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;  
ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED  
TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 10/16/1997

**Case Number:** [97-04109](#)

**Disputed Product Type:** COMMON STOCK; CORPORATE BONDS; NO OTHER TYPE OF SEC INVOLVE;  
PREFERRED STOCK

**Sum of All Relief Requested:** \$113,819.85

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/27/1999

**Sum of All Relief Awarded:** \$70,109.61

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 29



**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 12/23/1997

**Case Number:** [97-05381](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$108,450.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/05/2001

**Sum of All Relief Awarded:** \$46,075.00

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED- NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 10/01/1998

**Case Number:** [98-03501](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$2,451,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/08/1999

**Sum of All Relief Awarded:** \$164,339.00

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 29

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	01/05/1999
<b>Case Number:</b>	<a href="#">98-04917</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
<b>Sum of All Relief Requested:</b>	\$599,947.50
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/22/2000
<b>Sum of All Relief Awarded:</b>	\$290,500.00

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

### Disclosure 26 of 29

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	02/11/1999
<b>Case Number:</b>	<a href="#">99-00238</a>
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$147,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/28/2000



**Sum of All Relief Awarded:** \$73,699.50

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 03/16/1999

**Case Number:** [99-00283](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$900,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/15/2002

**Sum of All Relief Awarded:** \$47,330.00

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 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** NASD

**Case Initiated:** 04/23/1999

**Case Number:** [99-00414](#)

**Disputed Product Type:** COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$15,000,000.00



**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/01/2001

**Sum of All Relief Awarded:** \$81,000.00

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 29 of 29

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 09/24/1999

**Case Number:** [99-03005](#)

**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$9,779,692.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/17/2000

**Sum of All Relief Awarded:** \$200,000.00

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

**End of Report**



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