

**BrokerCheck Report**

**WILLIAM HENRY WATSON III**

CRD# 1016938

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## About BrokerCheck®

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

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

**Thank you for using FINRA BrokerCheck.**



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

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



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

**WILLIAM H. WATSON III**

CRD# 1016938

This broker is not currently registered.

**Report Summary for this Broker**

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

**Broker Qualifications**

**This broker is not currently registered.**

**This broker has passed:**

- 1 Principal/Supervisory Exam
- 2 General Industry/Product Exams
- 1 State Securities Law Exam

**Registration History**

**This broker was previously registered with the following securities firm(s):**

**FREEDOM INVESTORS CORP.**

CRD# 23714  
BROOKFIELD, WI  
08/2014 - 12/2015

**FINANCE 500, INC.**

CRD# 12981  
IRVINE, CA  
02/2011 - 08/2014

**CHOICE INVESTMENTS, INC.**

CRD# 17665  
AUSTIN, TX  
08/2009 - 03/2011

**Disclosure Events**

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

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

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	2
Customer Dispute	8
Financial	1
Judgment/Lien	4

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



## Broker Qualifications

### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

**This individual has passed 1 principal/supervisory exam, 2 general industry/product exams, and 1 state securities law exam.**

### Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	02/14/1989

### General Industry/Product Exams

Exam	Category	Date
Securities Industry Essentials Examination	SIE	12/31/2015
General Securities Representative Examination	Series 7	10/17/1981

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	08/26/1987

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).



## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
08/2014 - 12/2015	FREEDOM INVESTORS CORP.	23714	BROOKFIELD, WI
02/2011 - 08/2014	FINANCE 500, INC.	12981	IRVINE, CA
08/2009 - 03/2011	CHOICE INVESTMENTS, INC.	17665	AUSTIN, TX
07/2008 - 08/2009	MORRIS FINANCIAL, INC.	18561	NEWPORT BEACH, CA
09/2007 - 07/2008	SYNDICATED CAPITAL, INC.	29037	IRVINE, CA
03/2001 - 07/2007	BROOKSTREET SECURITIES CORPORATION	14667	NEWPORT BEACH, CA
12/2000 - 02/2001	WESTERN INTERNATIONAL SECURITIES, INC.	39262	PASADENA, CA
07/1999 - 12/2000	NORTH COAST SECURITIES CORPORATION	35982	SAN FRANCISCO, CA
03/1996 - 04/1999	CENTENNIAL CAPITAL MANAGEMENT, INC.	38988	ATLANTA, GA
01/1993 - 02/1996	BROOKSTREET SECURITIES CORPORATION	14667	SAN JUAN CAPISTRANO, CA
04/1991 - 10/1992	INVESTMENT ARCHITECTS, INC.	17774	PETALUMA, CA
05/1988 - 04/1991	STRATEGIC EQUITIES CORPORATION	21883	
05/1987 - 05/1988	L.R. PEGRAM SECURITIES CORPORATION	15214	
09/1986 - 07/1987	THE PLANNER'S SECURITIES GROUP, INC.	16546	
10/1982 - 09/1986	ANCHOR NATIONAL FINANCIAL SERVICES, INC.	5774	
09/1982 - 11/1982	G. W. COURTNEY, INC.	7769	

### Employment History



## Registration and Employment History

### Employment History, continued

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

Employment Dates	Employer Name	Employer Location
08/2014 - Present	FREEDOM INVESTORS CORP	BROOKFIELD, WI
02/2011 - 07/2014	FINANCE 500, INC.	IRVINE, CA
07/2009 - 02/2011	CHOICE INVESTMENTS, INC.	AUSTIN, TX
07/2008 - 08/2009	MORRIS FINANCIAL INC.	REDONDO BEACH, CA

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

(1) MANAGER MEMBER OF WWIII ENTERPRISES, LLC

(2) THE NATIONAL INVESTMENT BANKERS ASSOCIATION - DIRECTOR FOR THE BOARD OF DIRECTORS; SECURITIES RELATED; START DATE: 12/2013; HOURS/MONTH: 5; POSITION: DIRECTOR; DUTIES: ADVISE ORGANIZATION AS TO DIRECTIONAL CHANGES IN THE ORGANIZATION



## Disclosure Events

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

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
  - o
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all 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.
  - o
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage 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.

**For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.**

	Pending	Final	On Appeal
Regulatory Event	0	2	0





Customer Dispute	1	7	N/A
Financial	0	1	N/A
Judgment/Lien	4	N/A	N/A



## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

This type of disclosure event may involve (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of a broker's authority to act as an attorney, accountant, or federal contractor.

#### Disclosure 1 of 2

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:**

**Date Initiated:** 12/10/2015

**Docket/Case Number:** [2013038091901](#)

**Employing firm when activity occurred which led to the regulatory action:** Finance 500, Inc.

**Product Type:** Other: private securities offerings

**Allegations:** Without admitting or denying the findings, Watson consented to the sanctions and to the entry of findings that while employed as an investment banker at his member firm, Watson participated in securities offerings with four different issuers in which he used, or permitted issuers to use, marketing materials that were not fair and balanced, as they failed to discuss each of the issuers' poor financial performance and made misleading, unwarranted or unsupported statements. The findings stated that Watson used, or permitted issuers to use, power-point presentations that contained inadequate risk disclosure and failed to provide a balanced presentation of the risks and rewards of an investment. The findings also stated that certain of these marketing materials also failed to disclose Watson's



firm's name and involvement in the offering namely, described the relationship between the firm and the issuer.

**Current Status:** Final

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

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

**Resolution Date:** 12/10/2015

**Sanctions Ordered:** Civil and Administrative Penalty(ies)/Fine(s)  
Suspension

**If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?** No

**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?**



**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or**

**(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?**

#### **Sanction 1 of 1**

<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	any capacity
<b>Duration:</b>	10 business days
<b>Start Date:</b>	01/04/2016
<b>End Date:</b>	01/15/2016

**Monetary Sanction 1 of 1****Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)**Total Amount:** \$5,000.00**Portion Levied against individual:** \$5,000.00**Payment Plan:****Is Payment Plan Current:****Date Paid by individual:** 10/31/2016**Was any portion of penalty waived?** No**Amount Waived:****Reporting Source:** Firm**Regulatory Action Initiated By:** FINRA**Sanction(s) Sought:** Civil and Administrative Penalty(ies)/Fine(s)  
Suspension**Date Initiated:** 12/10/2015**Docket/Case Number:** [2013038091901](#)**Employing firm when activity occurred which led to the regulatory action:** Finance 500**Product Type:** No Product**Allegations:** Allegedly, while employed by Finance 500 the RR used marketing materials that we not fair and balanced, as they failed to discuss each of the issuers' poor financial performance, and made misleading, unwarranted or unsupported statements. Certain of these marketing materials also failed to disclose Finance 500's name and involvement in the offering. Through these actions, the RR allegedly violated FINRA Rules 2210(d)(1)(A) and (B), 2210(d)(3) and 2010.**Current Status:** Final**Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 12/10/2015



**Sanctions Ordered:**

Civil and Administrative Penalty(ies)/Fine(s)  
Suspension

**If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?**

No

**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?**

**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or**



**(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?**

**Sanction 1 of 1**

**Sanction Type:** Suspension  
**Capacities Affected:** All Capacities  
**Duration:** 10 days  
**Start Date:** 01/04/2016  
**End Date:** 01/15/2016

**Monetary Sanction 1 of 1**

**Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)  
**Total Amount:** \$5,000.00  
**Portion Levied against individual:** \$5,000.00  
**Payment Plan:** Installment Plan  
**Is Payment Plan Current:** Yes  
**Date Paid by individual:**  
**Was any portion of penalty waived?** No

**Amount Waived:**



## Disclosure 2 of 2

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	OHIO DIVISION OF SECURITIES
<b>Sanction(s) Sought:</b>	Denial
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	09/24/1999
<b>Docket/Case Number:</b>	99-393
<b>Employing firm when activity occurred which led to the regulatory action:</b>	CENTENNIAL CAPITAL MANAGEMENT
<b>Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Allegations:</b>	THE DIVISION DETERMINED THAT THE APPLICANT WAS NOT OF GOOD BUSINESS REPUTE.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/24/1999
<b>Sanctions Ordered:</b>	Revocation/Expulsion/Denial
<b>Other Sanctions Ordered:</b>	ON SEPTEMBER 24, 1999, THE OHIO DIVISION OF SECURITIES ISSUED A FINAL ORDER TO DENY APPLICANT FOR SECURITIES SALESMAN LICENSE, DIVISION ORDER NO. 99-393, AGAINST WILLIAM HENRY WATSON, III. THE DIVISION FOUND THAT WATSON WAS NOT OF GOOD BUSINESS REPUTE AS THAT TERM IS DEFINED IN OHIO ADMINISTRATIVE CODE RULE 1301:6-3-19(D)(G) AND (9) AND OHIO REVISED CODE 1707.19(A)(1).
<b>Sanction Details:</b>	ON SEPTEMBER 24, 1999, THE OHIO DIVISION OF SECURITIES ISSUED A FINAL ORDER TO DENY APPLICANT FOR SECURITIES SALESMAN LICENSE, DIVISION ORDER NO. 99-393, AGAINST WILLIAM HENRY WATSON, III. THE DIVISION FOUND THAT WATSON WAS NOT OF GOOD BUSINESS REPUTE AS THAT TERM IS DEFINED IN OHIO ADMINISTRATIVE CODE RULE 1301:6-3-19(D)(G) AND (9) AND OHIO REVISED CODE 1707.19(A)(1).
<b>Regulator Statement</b>	ON SEPTEMBER 24, 1999, THE OHIO DIVISION OF SECURITIES ISSUED A FINAL ORDER TO DENY APPLICANT FOR SECURITIES SALESMAN LICENSE,





DIVISION ORDER NO. 99-393, AGAINST WILLIAM HENRY WATSON, III. THE DIVISION FOUND THAT WATSON WAS NOT OF GOOD BUSINESS REPUTE AS THAT TERM IS DEFINED IN OHIO ADMINISTRATIVE CODE RULE 1301:6-3-19(D)(G) AND (9) AND OHIO REVISED CODE 1707.19(A)(1).

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**Reporting Source:** Broker

**Regulatory Action Initiated By:** OHIO DIVISION OF SECURITIES

**Sanction(s) Sought:** Revocation

**Other Sanction(s) Sought:**

**Date Initiated:** 09/24/1999

**Docket/Case Number:** 99-393

**Employing firm when activity occurred which led to the regulatory action:** CENTENNIAL CAPITAL MANAGEMENT

**Product Type:** Other

**Other Product Type(s):** UNSUITABLE INVESTMENTS

**Allegations:** RECOMMENDED AND EFFECTED TRADES IN UNSUITABLE INVESTMENTS

**Current Status:** Final

**Resolution:** Order

**Resolution Date:** 09/24/1999

**Broker Statement** WHILE REGISTERED WITH CENTENNIAL CAPITAL MANAGEMENT, I WAS A PRINCIPAL OF THE FIRM AND ASKED TO REGISTER IN THE STATE OF OHIO. AT THE TIME OF APPLICATION, OHIO HAD A POLICY OF IMMEDIATE DENIAL OF ANY OUT OF STATE REGISTERED MEMBER WITH PRIOR CUSTOMER COMPLAINTS OR SETTLEMENTS DISCLOSED ON THE U-4. I ELECTED NOT TO FLY TO OHIO FOR A HEARING TO OVERTURN THE EARLIER DENIAL. AS A RESULT THE STATE DENIED MY REGISTRATION.



## Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

### Disclosure 1 of 7

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	Finance 500, Inc.
<b>Allegations:</b>	CLIENTS ALLEGES INAPPROPRIATE INVESTMENT
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$800,000.00
<b>Is this an oral complaint?</b>	Yes
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA Arbitration
<b>Docket/Case #:</b>	19-00106
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	01/07/2019

### Customer Complaint Information

<b>Date Complaint Received:</b>	01/07/2019
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	02/15/2017
<b>Settlement Amount:</b>	\$161,653.66
<b>Individual Contribution Amount:</b>	\$0.00

**Firm Statement** In January of 2019 the customer tried to file this claim again and did not realize he had already settled on this matter. The claim was immediately withdrawn from



FINRA and all fees were reversed.

### Disclosure 2 of 7

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	Finance 500, Inc.
<b>Allegations:</b>	Claimant alleges misrepresentation, breach of fiduciary duty, failure to supervise, Texas securities fraud, negligence and breach of contract
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$102,500.00

### Arbitration Information

<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	16-03674
<b>Date Notice/Process Served:</b>	01/11/2017
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	07/11/2018
<b>Monetary Compensation Amount:</b>	\$45,000.00
<b>Individual Contribution Amount:</b>	\$0.00

### Disclosure 3 of 7

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	FINANCE 500, INC.
<b>Allegations:</b>	CLIENT ALLEGES INAPPROPRIATE INVESTMENT
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$50,000.00



### Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 15-01038

**Date Notice/Process Served:** 05/27/2015

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 05/05/2016

**Monetary Compensation Amount:** \$36,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** FINANCE 500, INC.

**Allegations:** TRANSACTION OCCURRED IN JANUARY 2014. MR. FINKELSTEIN INITIATED THE CONVERSATION. HE WAS ALSO RETAINED TO PERFORM DUE DILIGENCE . HE REFUSED TO PAY FOR A LEGAL OPINION TO REMOVE THE RESTRICTION LEGEND TO SELL HIS SHARES,

**Product Type:** Other: PIPE

**Alleged Damages:** \$50,000.00

### Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 15-01038

**Date Notice/Process Served:** 06/07/2015

**Arbitration Pending?** Yes

**Broker Statement** I CATEGORICALLY DENY ALL CLAIMS MADE BY MR. FINKELSTEIN



#### Disclosure 4 of 7

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** TRANSACTIONS WERE NOT SUITABLE

**Product Type:**

**Alleged Damages:**

#### Customer Complaint Information

**Date Complaint Received:** 03/10/1995

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 04/30/1995

**Settlement Amount:** \$15,000.00

**Individual Contribution Amount:**

**Firm Statement** SETTLEMENT PAYMENT MADE TO CUSTOMER IN THE AMOUNT OF \$15,000.00.  
Not Provided

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** TRANSACTIONS NOT SUITABLE

**Product Type:**

**Alleged Damages:**

#### Customer Complaint Information

**Date Complaint Received:** 03/10/1995

**Complaint Pending?** No



**Status:** Settled  
**Status Date:** 04/30/1995  
**Settlement Amount:** \$15,000.00

**Individual Contribution Amount:**

**Broker Statement**

SETTLEMENT PAYMENT MADE TO CUSTOMER IN THE AMOUNT OF \$15,000.00  
 CUSTOMER WAS A SENIOR EXEC. AT AMD WITH 200-300K INCOME. OPENED ACCTS. TO TRADE STOCKS, WANTED TO GREATLY IMPROVE RETURNS. MARKET WAS VOLATILE IN '94, HAD 500 PT SELL OFF IN MARCH-JULY. MAJORITY OF HIS LOSSES WERE FROM HIS DECISION TO BUY CALLS AND PRIOR TO EARNINGS ANNOUNCEMENT (7000) AND TWO OEX CALLL OPTION RECOMMENDED BY FIRM'S TRADING DESK (6000). RATHER THAN HAVE CLIENT UNHAPPY, WE SETTLED. I STILL INSIST CLIENT WAS KNOWLEDGEABLE, SUCCESSFUL, AND HAS A PHD IN PHYSICS. HE MAY HAVE MISSED BY ONE MONTH, THE BIGGEST INCREASE IN STOCK PRICES IN 30 YEARS.

**Disclosure 5 of 7**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** TRANSACTIONS WERE NOT SUITABLE

**Product Type:**

**Alleged Damages:**

**Customer Complaint Information**

**Date Complaint Received:** 07/17/1995

**Complaint Pending?** No

**Status:** Settled

**Status Date:**

**Settlement Amount:** \$27,500.00

**Individual Contribution Amount:** \$18,333.00



**Firm Statement** SETTLEMENT PAYMENT MADE TO CUSTOMER IN THE AMOUNT OF \$27,500.00.  
Not Provided

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** TRANSACTIONS NOT SUITABLE

**Product Type:**

**Alleged Damages:**

### Customer Complaint Information

**Date Complaint Received:** 07/17/1995

**Complaint Pending?** No

**Status:** Settled

**Status Date:**

**Settlement Amount:** \$27,500.00

**Individual Contribution Amount:** \$18,333.00

### Broker Statement

CUSTOMER PAID SETTLEMENT OF \$27,500.00.  
CUSTOMER SELECTED A DIVERSIFIED STRATEGY FOR 200,000+, CLIENT RETIRED EARLY & BEGAN TO SPEND PRIN. FROM ACCTS. TOLD ME OF MARITAL PROBLEMS & WHEN MARKET SOLD OFF 500 PTS., FROM MARCH TO JUNE, WIFE PANICKED & HE ORDERED LIQUIDATION. RETURNED TO WORK F/T & ASKED ME TO HELP HIM AGAIN. HE WANTED TO TRADE FUTURES. I SAID NO BUT LET HIM PUT 10,000 TO TRADE OPTIONS. THE FIRST SEVERAL TRADES WENT FAIRLY WELL BUT I TOOK TWO RECOMMENDATIONS FROM THE DESK THAT WERE FAILURES. ONE YEAR ATER STOCK SOURS & SIX MONTHS AFTER OPTIONS, CUSTOMER COMPLAINED. PRESIDENT OF FIRM OFFERED TO SETTLE BEFORE CONSULTING ME. FIRM PAID 1/3 & I SUBSEQUENTLY LEFT THE FIRM. CLIENT WAS SUITABLE AND HIS PANIC CAUSED MAJORITY OF HIS DAMAGE.



## Disclosure 6 of 7

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** APPLICANTS CORPORATION

**Allegations:** COMPLAINT FOR RESCISSION/MISREPRESENTATION IN A SECURITIES TRANSACTION, FRAUD AND DECEIT, DAMAGES, INDEMNIFICATION AND RELEASED BY LIMITED PARTNERS, BREACH OF FIDUCIARY DUTY, ETC. GENERAL DAMAGES \$50,000.00 (RETURN OF

**Product Type:**

**Alleged Damages:** \$50,000.00

### Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Litigation

**Status Date:** 11/01/1991

**Settlement Amount:**

**Individual Contribution Amount:**

### Civil Litigation Information

**Court Details:** SUPERIOR; SANTA CLARA COUNTY, CA; 714392

**Date Notice/Process Served:** 08/01/1991

**Litigation Pending?** No

**Disposition:** Settled

**Disposition Date:** 11/01/1991

**Monetary Compensation Amount:** \$50,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement**

THE LIMITED PARTNERSHIP SETTLED FOR AMOUNT OF INVESTMENT (\$50,000.00) PAID BY PARTNERSHIP. THE CASE WAS DISMISSED WITH PREJUDICE AGAINST MR. WATSON. MR. [CUSTOMER] WAS AN EMPLOYEE OF THE GENERAL PARTNER





OF A LIMITED PARTNERSHIP. FOR HIS SERVICES HE RECEIVED A UNIT OF INVESTMENT IN THE LIMITED PARTNERSHIP. WHEN THE GENERAL PARTNER (OWNED BY MR. WATSON) FIRED MR. [CUSTOMER] HE SUED THE GENERAL PARTNER, MR. WATSON, ALL THE LIMITED PARTNERS AND EVERYONE ASSOCIATED IN ANY WAY WITH THE PARTNERSHIP FOR THE

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** APPLICANTS CORPORATION

**Allegations:** COMPLAINT FOR RECISSION IN A SECURITIES TRANSACTION, FRAUD AND DECEIT, DAMAGES, BREACH OF FIDUCIARY DUTY.

**Product Type:**

**Alleged Damages:** \$50,000.00

### Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Litigation

**Status Date:** 11/01/1991

**Settlement Amount:**

**Individual Contribution Amount:**

### Civil Litigation Information

**Court Details:** SUPERIOR; SANTA CLARA COUNTY, CA; 714392

**Date Notice/Process Served:** 08/01/1991

**Litigation Pending?** No

**Disposition:** Settled

**Disposition Date:** 11/01/1991

**Monetary Compensation Amount:** \$50,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

RETURNED PLAINTIFF'S INVESTMENT, \$50,000.00,  
 WITHOUT GIVING HIM A RELEASE OF LIABILITY FOR OTHER ACCOUNTS OF  
 OMISSION.  
 PLAINTIFF WAS AN EMPLOYEE OF APPLICANT'S CORP.  
 DUTIES WERE TO ASSIST IN THE DEVELOPMENT OF A 16 UNIT  
 TOWNHOUSE. PLAINTIFF SUED FOR RECOVERY OF INVESTMENT.  
 [CUSTOMER]  
 CASE SETTLED BUT HE WAS NOT GIVEN A RELEASE. I WILL MAKE A  
 FINAL DECISION TO COMMENCE LITIGATION FOR GROSS  
 MISREPRESENTATION, BREACH OF FIDUCIARY DUTIES, NEW DISCLOSURE  
 &  
 TAXES & OTHER MISC. CHARGES WITHIN THE NEXT NINETY DAYS.

**Disclosure 7 of 7****Reporting Source:**

Firm

**Employing firm when activities occurred which led to the complaint:**

STRATEGIC EQUITIES CORP.

**Allegations:**

FRAUD, BREACH OF FIDUCIARY DUTY, AIDING AND  
 ABETTING, GROSS MISREPRESENTATION. CLAIM #1 #255,000.00. CLAIM  
 #2 \$96,000.00; CLAIM #3 \$82,500.00.

**Product Type:****Alleged Damages:**

\$433,500.00

**Customer Complaint Information****Date Complaint Received:****Complaint Pending?**

No

**Status:**

Litigation

**Status Date:**

12/31/1991

**Settlement Amount:****Individual Contribution Amount:****Civil Litigation Information****Court Details:**

U.S. DISTRICT; NORTHERN IL; 91C7195

**Date Notice/Process Served:**

11/08/1991

**Litigation Pending?**

No



**Disposition:** Settled

**Disposition Date:** 12/31/1991

**Monetary Compensation Amount:** \$100,000.00

**Individual Contribution Amount:** \$100,000.00

**Firm Statement** SETTLED  
 COMPLAINT INVOLVED THE SALE OF A LIMITED PARTNERSHIP BY AN OHIO ISSUER. THE ISSUER HAS ALLEGEDLY COMMITTED NUMEROUS ACTS OF FRAUD AND CAUSED A GREAT DEAL OF HARM TO THE CLIENTS. AS A RESULT OF THE ISSUER BEING NEARLY INSOLVENT, THE CLIENTS SUED MR. WATSON. RATHER THAN FIGHT THE COMPLAINT HE SETTLED.

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** STRATEGIC EQUITIES CORP.

**Allegations:** FRAUD, BREACH OF FIDUCIARY DUTY, AIDING & ABETTING GROSS MISREPRESENTATION. CLAIM #1 \$255,000.00,#2 \$90,000.00,#3 \$82,500.00.

**Product Type:**

**Alleged Damages:** \$433,500.00

### Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Litigation

**Status Date:** 12/31/1991

**Settlement Amount:**

**Individual Contribution Amount:**

### Civil Litigation Information

**Court Details:** U.S. DISTRICT; NORTHERN IL; 91C7195



**Date Notice/Process Served:** 11/08/1991

**Litigation Pending?** No

**Disposition:** Settled

**Disposition Date:** 12/31/1991

**Monetary Compensation Amount:** \$100,000.00

**Individual Contribution Amount:** \$100,000.00

**Broker Statement**

SETTLED FOR THE SUM OF \$100,000. PAYMENT OF \$25,000.00 WITH A \$75,000.00 FOUR YEAR NOTE. PLAINTIFFS BOUGHT LIMITED PARTNERSHIP INTEREST IN TWO OFFERINGS SPONSORED BY THE BERNSTEIN GROUP, AN OHIO ISSUER. THE ISSUE ALLEGEDLY HAD COMMITTED NUMEROUS ACTS OF FRAUD & THEFT OF PARTNERSHIP ASSETS. THE ISSUER IS VIRTUALLY INSOLVENT AND AS SUCH I WAS NAMED A PARTY TO THE SUIT. RATHER THAN TO INCUR THE COSTS OF S LONG LEGAL BATTLE, I ELECTED TO SETTLE THE CASE.



## Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	Finance 500
<b>Allegations:</b>	Client Claims investment did not perform
<b>Product Type:</b>	Other: Private Placement
<b>Alleged Damages:</b>	\$90,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA
<b>Docket/Case #:</b>	19-00485
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	02/15/2019

### Customer Complaint Information

<b>Date Complaint Received:</b>	03/07/2019
<b>Complaint Pending?</b>	Yes
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	



## Financial - Final

This type of disclosure event involves a bankruptcy, compromise with one or more creditors, or Securities Investor Protection Corporation liquidation involving the broker or an organization/brokerage firm the broker controlled that occurred within the last 10 years.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Action Type:</b>	Bankruptcy
<b>Bankruptcy:</b>	Chapter 7
<b>Action Date:</b>	12/23/2015
<b>Organization Investment-Related?</b>	
<b>Type of Court:</b>	Federal Court
<b>Name of Court:</b>	UNITED STATES BANKRUPTCY COURT
<b>Location of Court:</b>	CALIFORNIA CENTRAL - SANTA ANA
<b>Docket/Case #:</b>	15-16028
<b>Action Pending?</b>	No
<b>Disposition:</b>	Discharged
<b>Disposition Date:</b>	04/11/2016
<b>Regulator Statement</b>	PROCEEDINGS IN FINRA ARBITRATION CASE #15-01038 AGAINST WATSON (III), WILLIAM HENRY WERE STAYED BY BANKRUPTCY PROCEEDINGS IN THE U.S. BANKRUPTCY COURT, CALIFORNIA CENTRAL - SANTA ANA case no.15-16028



## Judgment / Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

### Disclosure 1 of 4

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	INTERNAL REVENUE SERVICES
<b>Judgment/Lien Amount:</b>	\$143,270.81
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed with Court:</b>	05/01/2014
<b>Date Individual Learned:</b>	07/15/2014
<b>Type of Court:</b>	COUNTY RECORDER
<b>Name of Court:</b>	COUNTY RECORDER
<b>Location of Court:</b>	ORANGE COUNTY, CALIFORNIA
<b>Docket/Case #:</b>	2014000190458
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	FOR TAX FILING YEAR: 2007, 2009, AND 2010

### Disclosure 2 of 4

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	INTERNAL REVENUE SERVICES
<b>Judgment/Lien Amount:</b>	\$9,912.63
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed with Court:</b>	07/25/2014
<b>Date Individual Learned:</b>	07/25/2014
<b>Type of Court:</b>	COUNTY RECORDER
<b>Name of Court:</b>	ORANGE COUNTY RECORDER
<b>Location of Court:</b>	ORANGE COUNTY, CALIFORNIA
<b>Docket/Case #:</b>	2014XXXXXXXXXX
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	FOR TAX FILING YEAR: 2013



#### Disclosure 3 of 4

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	FEDERAL TAX LIEN
<b>Judgment/Lien Amount:</b>	\$277,368.00
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed with Court:</b>	08/01/2006
<b>Court Details:</b>	RECORD OF DEEDS, FEDERAL TAX LIEN, SANTA ANA, CA, DOCKET 6000528117.
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	REP HAS ARRANGED A SYSTEMATIC REPAYMENT PROGRAM WITH THE IRS.

#### Disclosure 4 of 4

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	FEDERAL TAX LIENT
<b>Judgment/Lien Amount:</b>	\$184,628.00
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed with Court:</b>	10/01/2005
<b>Court Details:</b>	RECORD OF DEEDS, FEDERAL TAX LIEN, SANTA ANA, CA, DOCKET 5000802003.
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	REP HAS ARRANGED A SYSTEMATIC REPAYMENT PROGRAM WITH THE IRS.



## End of Report



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