

BrokerCheck Report

WILLIAM DUDLEY GROSS

CRD# 1032405

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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



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

**WILLIAM D. GROSS**

CRD# 1032405

Currently employed by and registered with the following Firm(s):

- B** **COMMERCE STREET CAPITAL, LLC**
 1445 ROSS AVE. SUITE 2700
 DALLAS, TX 75202
 CRD# 143797
 Registered with this firm since: 09/18/2007

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 registered with:

- 1 Self-Regulatory Organization
- 11 U.S. states and territories

This broker has passed:

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

Registration History

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

- B** **SAMCO CAPITAL MARKETS, INC.**
 CRD# 136532
 DALLAS, TX
 10/2005 - 10/2007
- B** **PENSON FINANCIAL SERVICES, INC.**
 CRD# 25866
 DALLAS, TX
 02/2003 - 05/2006
- B** **SERVICE ASSET MANAGEMENT COMPANY**
 CRD# 47157
 AUSTIN, TX
 07/2000 - 02/2003

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
Customer Dispute	22



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 individual is currently registered with 1 SRO and is licensed in 11 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name: **COMMERCE STREET CAPITAL, LLC**

Main Office Address: **1445 ROSS AVE. SUITE 2700
DALLAS, TX 75202**

Firm CRD#: **143797**

	SRO	Category	Status	Date
B	FINRA	General Securities Principal	Approved	09/18/2007
B	FINRA	General Securities Representative	Approved	09/18/2007
B	FINRA	Investment Banking Representative	Approved	12/05/2009
B	FINRA	Operations Professional	Approved	12/12/2011
B	FINRA	Investment Banking Principal	Approved	10/01/2018

	U.S. State/ Territory	Category	Status	Date
B	Arkansas	Agent	Approved	06/27/2013
B	California	Agent	Approved	10/01/2013
B	Colorado	Agent	Approved	08/21/2013
B	Illinois	Agent	Approved	06/28/2013
B	Louisiana	Agent	Approved	07/01/2013
B	Mississippi	Agent	Approved	07/29/2014
B	Missouri	Agent	Approved	08/28/2013
B	New Mexico	Agent	Approved	06/27/2013



Broker Qualifications

Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	New York	Agent	Approved	06/27/2013
B	Oklahoma	Agent	Approved	09/03/2013
B	Texas	Agent	Approved	10/18/2007

Branch Office Locations

COMMERCE STREET CAPITAL, LLC
1445 ROSS AVE. SUITE 2700
DALLAS, TX 75202



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. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 1 principal/supervisory exam, 5 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
B General Securities Principal Examination	Series 24	04/28/2000

General Industry/Product Exams

Exam	Category	Date
B Operations Professional Examination	Series 99TO	01/02/2023
B Investment Banking Registered Representative Examination	Series 79TO	01/02/2023
B Securities Industry Essentials Examination	SIE	10/01/2018
B General Securities Representative Examination	Series 7	05/15/1982
B Interest Rate Options Examination	Series 5	10/06/1981

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	06/05/1984

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/.

Broker Qualifications



Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 10/2005 - 10/2007	SAMCO CAPITAL MARKETS, INC.	136532	DALLAS, TX
B 02/2003 - 05/2006	PENSON FINANCIAL SERVICES, INC.	25866	DALLAS, TX
B 07/2000 - 02/2003	SERVICE ASSET MANAGEMENT COMPANY	47157	AUSTIN, TX
B 12/1995 - 09/2000	SERVICE ASSET MANAGEMENT COMPANY	25866	DALLAS, TX
B 08/1988 - 12/1995	SERVICE ASSET MANAGEMENT COMPANY	18577	
B 02/1987 - 04/1988	SOUTHWEST SECURITIES, INC.	6220	
B 05/1982 - 02/1987	THOMSON MCKINNON SECURITIES INC.	829	
B 05/1982 - 02/1985	SCHNEIDER, BERNET & HICKMAN, INC.	750	

Employment History

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	Employer Name	Position	Investment Related	Employer Location
03/2007 - Present	COMMERCE STREET CAPITAL, LLC	CEO	Y	DALLAS, TX, United States
10/2004 - Present	KEEFE VENTURES, LLC	DIRECTOR	Y	NEW YORK, NY, United States

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. William D. Gross is Chairman of Commerce Street Holdings, LLC, the holding company for Commerce Street Capital, LLC, a FINRA member broker dealer and Commerce Street Investment Advisor, LLC, an SEC-registered investment advisor ("RIA"). The RIA currently advises retirement plans, separate accounts, and private equity funds in a fiduciary capacity.

2. Of the three private equity funds currently advised by the RIA, Mr. Gross is a member and principal of one of the fund's general partner ("GP")

Registration and Employment History



Other Business Activities, continued

and the GP's associated limited liability company. A full listing of the private equity fund advised by Commerce Street Investment Advisors can be found at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

3.Mr. Gross serves as an advisory Director of CLI Capital, a private reit not associated with Commerce Street Capital or its affiliates (4 hours per quarter, private stock compensation).

4.Mr. Gross serves as trustee of Pondegrossa Trust, a family irrevocable charitable trust.

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:**
 - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - 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.
 -
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - 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.
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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 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
Customer Dispute	0	22	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.

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 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$1,000,000.00

Customer Complaint Information

Date Complaint Received: 11/24/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information



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

FINRA

Docket/Case #:

08-04242

Date Notice/Process Served:

11/24/2008

Arbitration Pending?

No

Disposition:

Settled

Disposition Date:

10/28/2009

Monetary Compensation Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source:

Broker

Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS ALLEGE THAT BETWEEN JUNE 2004 AND JULY 2006, THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES, INC. CLAIMANTS FURTHER ALLEGE THAT MR. GROSS ISA DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES, INC. BASED ON THESE ALLEGATIONS, CLAIMANTS CONTEND THAT MR. GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, AND FOR VIOLATIONS OF SECTIONS 10(B) AND 20(A) OF THE SECURITIES EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON



PURSUANT TO 15 U.S.C. 78T(A) IN THAT HE CONTROLLED OR INFLUENCED
SAMCO FINANCIAL SERVICES, INC.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

**Is this an arbitration/CFTC
reparation or civil litigation?** Yes

**Arbitration/Reparation forum
or court name and location:** FINRA, FLORIDA

Docket/Case #: FINRA 08-04242

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 11/12/2008

Customer Complaint Information

Date Complaint Received: 11/22/2008

Complaint Pending? No

Status: Settled

Status Date: 12/01/2008

Settlement Amount: \$2,115,000.00

**Individual Contribution
Amount:** \$0.00

Arbitration Information

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

Docket/Case #: 08-04242

Date Notice/Process Served: 11/22/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009



Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 2 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 10/07/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009



Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-03442

Date Notice/Process Served: 10/07/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS ALLEGE THAT BETWEEN JUNE 2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES, INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND CONTROL



PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, AND FOR VIOLATIONS OF SECTIONS 10(B) AND 20(A) OF THE SECURITIES AND EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 USC 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-03442

Filing date of arbitration/CFTC reparation or civil litigation: 09/22/2008

Customer Complaint Information

Date Complaint Received: 10/06/2008

Complaint Pending? No

Status: Settled

Status Date: 10/10/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-03442



Date Notice/Process Served:	10/06/2008
Arbitration Pending?	No
Disposition:	Settled
Disposition Date:	11/10/2009
Monetary Compensation Amount:	\$2,115,000.00
Individual Contribution Amount:	\$0.00
Broker Statement	<p>A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.</p>

Disclosure 3 of 22

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	N/A
Allegations:	<p>CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.</p>
Product Type:	Other: CMO'S
Alleged Damages:	\$100,000.00

Customer Complaint Information



Date Complaint Received: 08/19/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02836

Date Notice/Process Served: 08/19/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker



Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS ALLEGE THAT BETWEEN MID-2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES, INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, AND FOR VIOLATIONS OF SECTIONS 10(B) AND 20(A) OF THE SECURITIES AND EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS CONTROL PERSON PURSUANT TO 15USC 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC.

Product Type:

Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages:

\$500,000.00

Is this an oral complaint?

No

Is this a written complaint?

No

Is this an arbitration/CFTC reparation or civil litigation?

Yes

Arbitration/Reparation forum or court name and location:

FINRA, FLORIDA

Docket/Case #:

FINRA 08-02836

Filing date of arbitration/CFTC reparation or civil litigation:

08/11/2008

Customer Complaint Information

Date Complaint Received:

08/19/2008

Complaint Pending?

No

Status:

Settled

Status Date:

08/20/2008

Settlement Amount:

\$2,115,000.00

Individual Contribution

\$0.00



Amount:

Arbitration Information

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

Docket/Case #: 08-02836

Date Notice/Process Served: 08/16/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 4 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON



ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 08/14/2008

Complaint Pending? No

Status: Settled

Status Date: 08/14/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02656

Date Notice/Process Served: 08/14/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE



SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS ALLEGE THAT BETWEEN JANUARY 2006 AND DECEMBER 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, AND FOR VIOLATIONS OF SECTIONS 10(B) AND 20(A) OF THE SECURITIES EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS CONTROL PERSON PURSUANT TO 15 USC 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02656

Filing date of arbitration/CFTC reparation or civil litigation: 07/29/2008

Customer Complaint Information

Date Complaint Received: 08/19/2008

Complaint Pending? No



Status: Settled

Status Date: 08/20/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02656

Date Notice/Process Served: 08/19/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 5 of 22

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type:

Other: CMO'S

Alleged Damages:

\$300,000.00

Customer Complaint Information

Date Complaint Received:

07/30/2008

Complaint Pending?

No

Status:

Settled

Status Date:

10/28/2009

Settlement Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Arbitration Information

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

FINRA

Docket/Case #:

08-02535

Date Notice/Process Served:

07/30/2008

Arbitration Pending?

No

Disposition:

Settled

Disposition Date:

10/28/2009

Monetary Compensation Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH



SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS ALLEGE THAT BETWEEN JUNE 2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, AND FOR VIOLATIONS OF THE SECTIONS 10(B) AND 20(A) OF THE SECURITIES EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 USC 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES IN AND FOR VIOLATIONS OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02535



Filing date of arbitration/CFTC reparation or civil litigation: 07/22/2008

Customer Complaint Information

Date Complaint Received: 07/30/2008
Complaint Pending? No
Status: Settled
Status Date: 07/30/2008
Settlement Amount: \$2,115,000.00
Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02535
Date Notice/Process Served: 07/30/2008
Arbitration Pending? No
Disposition: Settled
Disposition Date: 11/10/2009
Monetary Compensation Amount: \$2,115,000.00
Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK.



GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 6 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 07/29/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02487

Date Notice/Process Served: 07/29/2008

Arbitration Pending? No

Disposition: Settled



Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS ALLEGE THAT BETWEEN JUNE 2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD AND FOR VIOLATIONS OF SECTIONS 10(B) AND 209A) OF THE SECURITIES EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 USC 78T(A) IN THAT THE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No



Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02487

Filing date of arbitration/CFTC reparation or civil litigation: 07/18/2008

Customer Complaint Information

Date Complaint Received: 07/29/2008

Complaint Pending? No

Status: Settled

Status Date: 07/30/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02487

Date Notice/Process Served: 07/29/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS



NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 7 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 07/16/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information



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

FINRA

Docket/Case #:

08-02303

Date Notice/Process Served:

07/16/2008

Arbitration Pending?

No

Disposition:

Settled

Disposition Date:

10/28/2009

Monetary Compensation Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source:

Broker

Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS ALLEGE THAT BETWEEN MID 2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES RANSACKS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY AIDING AND ABETTING A FRAUD AND FOR VIOLATIONS OF SECTIONS 10(B) AND 209A) OF THE SECURITIES AND EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 USC 78T(A) IN



THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02303

Filing date of arbitration/CFTC reparation or civil litigation: 06/27/2008

Customer Complaint Information

Date Complaint Received: 07/17/2008

Complaint Pending? No

Status: Settled

Status Date: 07/30/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02303

Date Notice/Process Served: 07/17/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009



Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 8 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 07/11/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009



Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02225

Date Notice/Process Served: 07/11/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANT ALLEGES THAT BETWEEN JUNE 2004 AND JULY 2006 HE WAS DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANT FURTHER ALLEGES THAT MR GROSS IS A DIRECTOR AND SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO



FINANCIAL SERVICES INC BASED ON THESE ALLEGATIONS CLAIMANT
CONTENDS THAT MR GROSS IS LIABLE TO HIM FOR AIDING AND ABETTING
THE BREACH OF FIDUCIARY DUTY AIDING AND ABETTING A FRAUD FOR
VIOLATIONS OF SECTIONS 10(B) AND 20(A) OF THE SECURITIES
EXCHANGE ACT AND RULE 10B-5 OF THE SECURITIES AND EXCHANGE
COMMISSION AS A CONTROL PERSON PURSUANT TO 15 U.S.C. 78T(A) IN
THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC
AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR
PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02225

Filing date of arbitration/CFTC reparation or civil litigation: 07/02/2008

Customer Complaint Information

Date Complaint Received: 07/11/2008

Complaint Pending? No

Status: Settled

Status Date: 07/30/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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



Docket/Case #: 08-02225

Date Notice/Process Served: 07/11/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 9 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST WILLIAM GROSS, A DIRECTOR OF SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information



Date Complaint Received: 07/08/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02127

Date Notice/Process Served: 07/08/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker



Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANT ALLEGES THAT BETWEEN SEPTEMBER 2004 AND DECEMBER 2006 HE WAS DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANT FURTHER ALLEGES THAT MR GROSS IS A DIRECTOR AN SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANT CONTENDS THAT MR GROSS IS LIABLE TO HIM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, FOR VIOLATIONS OF SECTIONS 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 U.S.C. 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type:

Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages:

\$500,000.00

Is this an oral complaint?

No

Is this a written complaint?

No

Is this an arbitration/CFTC reparation or civil litigation?

Yes

Arbitration/Reparation forum or court name and location:

FINRA, FLORIDA

Docket/Case #:

FINRA 08-02127

Filing date of arbitration/CFTC reparation or civil litigation:

06/26/2009

Customer Complaint Information

Date Complaint Received:

07/05/2008

Complaint Pending?

No

Status:

Settled

Status Date:

07/11/2008

Settlement Amount:

\$2,115,000.00

Individual Contribution

\$0.00



Amount:

Arbitration Information

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

Docket/Case #: 08-02127

Date Notice/Process Served: 07/05/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 10 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR OF SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING



COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$50,000.00

Customer Complaint Information

Date Complaint Received: 07/08/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02128

Date Notice/Process Served: 07/08/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL



CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANT ALLEGES THAT BETWEEN JUNE 2004 AND JULY 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANT FURTHER ALLEGES THAT MR GROSS IS A DIRECTOR AN SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANT CONTENDS THAT MR GROSS IS LIABLE TO HIM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, FOR VIOLATIONS OF SECTIONS 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 U.S.C. 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$100,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-02128

Filing date of arbitration/CFTC reparation or civil litigation: 06/26/2008

Customer Complaint Information

Date Complaint Received: 07/05/2008

Complaint Pending? No

Status: Settled



Status Date: 07/11/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-02128

Date Notice/Process Served: 07/05/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement

A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 11 of 22

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type:

Other: CMO'S

Alleged Damages:

\$100,000.00

Customer Complaint Information

Date Complaint Received:

06/25/2008

Complaint Pending?

No

Status:

Settled

Status Date:

10/28/2009

Settlement Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Arbitration Information

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

FINRA

Docket/Case #:

08-01859

Date Notice/Process Served:

06/25/2008

Arbitration Pending?

No

Disposition:

Settled

Disposition Date:

10/28/2009

Monetary Compensation Amount:

\$2,115,000.00

Individual Contribution Amount:

\$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH



SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANT ALLEGES THAT BETWEEN JUNE 2004 AND JULY 2006 SHE WAS DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANT FURTHER ALLEGES THAT MR GROSS IS A DIRECTOR AN SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANT CONTENDS THAT MR GROSS IS LIABLE TO HER FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, FOR VIOLATIONS OF SECTIONS 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 U.S.C. 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-01859



Filing date of arbitration/CFTC reparation or civil litigation: 06/06/2008

Customer Complaint Information

Date Complaint Received: 06/25/2008
Complaint Pending? No
Status: Settled
Status Date: 07/11/2008
Settlement Amount: \$2,115,000.00
Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-01859
Date Notice/Process Served: 06/25/2008
Arbitration Pending? No
Disposition: Settled
Disposition Date: 11/10/2009
Monetary Compensation Amount: \$2,115,000.00
Individual Contribution Amount: \$0.00

Broker Statement

C.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK.



GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 12 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR OF SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: CMO'S

Alleged Damages: \$1,000,000.00

Customer Complaint Information

Date Complaint Received: 06/23/2008

Complaint Pending? No

Status: Settled

Status Date: 10/28/2009

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-01967

Date Notice/Process Served: 06/23/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 10/28/2009



Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Firm Statement THIS MATTER WAS MEDIATED WITH 11 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 12 ARBITRATIONS WAS \$2,115,000. NO PERSONAL INDIVIDUAL CONTRIBUTIONS WERE MADE AS PART OF THE SETTLEMENT. INSURERS AND PENSON MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANT ALLEGES THAT BETEWEEN JUNE 2004 AND JULY 2006 HE WAS DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANT FURTHER ALLEGES THAT MR GROSS IS A DIRECTOR AN SHAREHOLDER OF PENSON FINANCIAL SERVICES, INC. AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS, CLAIMANT CONTENDS THAT MR GROSS IS LIABLE TO HIM FOR AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY, AIDING AND ABETTING A FRAUD, FOR VIOLATIONS OF SECTIONS 10B-5 OF THE SECURITIES AND EXCHANGE COMMISSION AS A CONTROL PERSON PURSUANT TO 15 U.S.C. 78T(A) IN THAT HE CONTROLLED OR INFLUENCED SAMCO FINANCIAL SERVICES INC AND FOR VIOLATION OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

Product Type: Other: COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$5,000,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes



Arbitration/Reparation forum or court name and location: FINRA, FLORIDA

Docket/Case #: FINRA 08-01967

Filing date of arbitration/CFTC reparation or civil litigation: 06/12/2008

Customer Complaint Information

Date Complaint Received: 06/25/2008

Complaint Pending? No

Status: Settled

Status Date: 07/11/2008

Settlement Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 08-01967

Date Notice/Process Served: 06/25/2008

Arbitration Pending? No

Disposition: Settled

Disposition Date: 11/10/2009

Monetary Compensation Amount: \$2,115,000.00

Individual Contribution Amount: \$0.00

Broker Statement A.GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE



COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT WHICH SETTLED 12 SEPARATE ARBITRATIONS. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 13 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$142,000.00

Customer Complaint Information

Date Complaint Received: 09/12/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 09/12/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: FINRA 07-02194



Date Notice/Process Served: 09/12/2007

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: MORTGAGE BACKED SECURITIES

Alleged Damages: \$142,000.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No



Customer Complaint Information

Date Complaint Received: 09/12/2007

Complaint Pending? No

Status: Settled

Status Date: 03/31/2008

Settlement Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Arbitration Information

Disposition: Settled

Disposition Date: 03/31/2008

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 14 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A



Allegations: CLAIMANTS ALLEGE THAT BETWEEN 2004 AND 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR, DIRECT/INDIRECT SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND SAMCO FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR VIOLATIONS OF 20(A) OF THE SECURITIES EXCHANGE ACT AND FLORIDA SECURITIES LAW. CLAIMANTS FURTHER CONTEND GROSS IS LIABLE FOR BREACH OF FIDUCIARY DUTY, NEGLIGENT FAILURE TO SUPERVISE, AND NEGLIGENCE. CLAIMANTS ARE ALSO SEEKING PUNITIVE DAMAGES.

Product Type: Other: MORTGAGE BACKED SECURITIES

Alleged Damages: \$8,000,000.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 08/15/2007

Complaint Pending? No

Status: Settled

Status Date: 01/26/2011

Settlement Amount: \$710,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): NASD 07--02269

Docket/Case #: 07-022669

Date Notice/Process Served: 08/15/2007

Arbitration Pending? No

Disposition: Settled



Disposition Date: 01/26/2011

Monetary Compensation Amount: \$710,000.00

Individual Contribution Amount: \$0.00

Firm Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, NEVER RECEIVED A COMPLAINT, MAINTAINED AN UNBLEMISHED U-4, AND ESTABLISHED AN IMPECCABLE REPUTATION. IN APPROXIMATELY 2006, A TRADER IN THE FLORIDA OFFICE OF SAMCO FINANCIAL SERVICES, INC. WAS NAMED IN APPROXIMATELY 45 DIFFERENT ARBITRATIONS ACROSS THE COUNTRY INVOLVING MORTGAGE-BACKED SECURITIES. GROSS WAS NOT AN EMPLOYEE OF THAT COMPANY, AND DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE THIS INDIVIDUAL. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS WAS NAMED AS A PARTY IN THE ACTIONS BECAUSE HE WAS, FOR A PERIOD OF TIME, A BOARD MEMBER OF THE PARENT COMPANY FOR SAMCO FINANCIAL SERVICES, INC., WHICH GAVE THE CLAIMANTS ACCESS TO THE COMPANY'S DIRECTORS AND OFFICERS INSURANCE POLICY. THE ALLEGATIONS AGAINST GROSS WERE FALSE. THE CASE SETTLED. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENT AMOUNT. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS ALLEGE THAT BETWEEN 2004 AND 2006 THEY WERE DAMAGED AS A RESULT OF CERTAIN SECURITIES TRANSACTIONS BY BROKERS EMPLOYED BY SAMCO FINANCIAL SERVICES INC. CLAIMANTS FURTHER ALLEGE THAT MR GROSS IS A DIRECTOR, DIRECT/INDIRECT SHAREHOLDER OF PENSON FINANCIAL SERVICES INC AND SAMCO FINANCIAL SERVICES INC AND CONTROL PERSON OF SAMCO FINANCIAL SERVICES INC. BASED ON THESE ALLEGATIONS CLAIMANTS CONTEND THAT MR GROSS IS LIABLE TO THEM FOR VIOLATIONS OF 20(A) OF THE SECURITIES EXCHANGE ACT AND FLORIDA SECURITIES LAW. CLAIMANTS FURTHER CONTEND GROSS IS LIABLE FOR BREACH OF FIDUCIARY DUTY, NEGLIGENT FAILURE TO SUPERVISE, AND NEGLIGENCE. CLAIMANTS ARE ALSO SEEKING PUNITIVE DAMAGES.

Product Type: Other: MORTGAGE BACKED SECURITIES



Alleged Damages: \$8,000,000.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 08/15/2007

Complaint Pending? No

Status: Settled

Status Date: 01/26/2011

Settlement Amount: \$710,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: 07-022669

Date Notice/Process Served: 08/15/2007

Arbitration Pending? No

Disposition: Settled

Disposition Date: 01/26/2011

Monetary Compensation Amount: \$710,000.00

Individual Contribution Amount: \$0.00

Broker Statement GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, NEVER RECEIVED A COMPLAINT, MAINTAINED AN UNBLEMISHED U-4, AND ESTABLISHED AN IMPECCABLE REPUTATION. IN APPROXIMATELY 2006, A TRADER IN THE FLORIDA OFFICE OF SAMCO FINANCIAL SERVICES, INC. WAS NAMED IN APPROXIMATELY 45 DIFFERENT ARBITRATIONS ACROSS THE COUNTRY INVOLVING MORTGAGE-BACKED SECURITIES. GROSS WAS NOT AN EMPLOYEE OF



THAT COMPANY, AND DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE THIS INDIVIDUAL. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. GROSS WAS NAMED AS A PARTY IN THE ACTIONS BECAUSE HE WAS, FOR A PERIOD OF TIME, A BOARD MEMBER OF THE PARENT COMPANY FOR SAMCO FINANCIAL SERVICES, INC., WHICH GAVE THE CLAIMANTS ACCESS TO THE COMPANY'S DIRECTORS AND OFFICERS INSURANCE POLICY. THE ALLEGATIONS AGAINST GROSS WERE FALSE. THE CASE SETTLED. GROSS CONTRIBUTED NOTHING TO THE TOTAL SETTLEMENTAMOUNT. INSURERS AND OTHER PARTIES PAID THE SETTLEMENT PROCEEDS.

Disclosure 15 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERIVCES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$1,000,000.00

Customer Complaint Information

Date Complaint Received: 07/26/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 07/26/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information



**Arbitration/Reparation Claim
filed with and Docket/Case
No.:** NASD 07-01538

Date Notice/Process Served: 07/26/2007

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

**Monetary Compensation
Amount:** \$0.00

**Individual Contribution
Amount:** \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

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

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other: MORTGAGE BACKED SECURITIES

Alleged Damages: \$1,000,000.00

Is this an oral complaint? No

Is this a written complaint? Yes



**Is this an arbitration/CFTC
reparation or civil litigation?** No

Customer Complaint Information

Date Complaint Received: 07/25/2007
Complaint Pending? No
Status: Settled
Status Date: 03/31/2008
Settlement Amount: \$16,200,000.00
**Individual Contribution
Amount:** \$1,000,000.00

Arbitration Information

**Arbitration/CFTC reparation
claim filed with (FINRA, AAA,
CFTC, etc.):** NASD/FINRA
Docket/Case #: 07-01538
Date Notice/Process Served: 07/25/2007
Arbitration Pending? No
Disposition: Settled
Disposition Date: 03/31/2008
**Monetary Compensation
Amount:** \$16,200,000.00
**Individual Contribution
Amount:** \$1,000,000.00

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF



THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 16 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$2,800,000.00

Customer Complaint Information

Date Complaint Received: 05/17/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 05/17/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD - 07-01465

Date Notice/Process Served: 05/17/2007



Arbitration Pending?	No
Disposition:	Other
Disposition Date:	03/31/2008
Monetary Compensation Amount:	\$0.00
Individual Contribution Amount:	\$0.00
Firm Statement	THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source:	Broker
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Employing firm when activities occurred which led to the complaint:	N/A
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Allegations:	CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.
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Product Type:	Other: MORTGAGE BACKED SECURITIES
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Alleged Damages:	\$3,000,000.00
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Is this an oral complaint?	No
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Is this a written complaint?	Yes
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Is this an arbitration/CFTC reparation or civil litigation?	No
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Customer Complaint Information



Date Complaint Received: 05/15/2007

Complaint Pending? No

Status: Settled

Status Date: 03/31/2008

Settlement Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Arbitration Information

Disposition: Settled

Disposition Date: 03/31/2008

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 17 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON



FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other
Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS
Alleged Damages: \$200,000.00

Customer Complaint Information

Date Complaint Received: 04/25/2007
Complaint Pending? No
Status: Arbitration/Reparation
Status Date: 04/25/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD - 07-01329

Date Notice/Process Served: 04/25/2007

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE



CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): CMO'S

Alleged Damages: \$500,000.00

Customer Complaint Information

Date Complaint Received: 05/08/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 05/08/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 07-01329

Date Notice/Process Served: 05/08/2007

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/31/2008



Monetary Compensation Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 18 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$1,200,000.00

Customer Complaint Information



Date Complaint Received: 04/23/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 04/23/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD - 07-01316

Date Notice/Process Served: 04/23/2007

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A



DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other
Other Product Type(s): CMO'S
Alleged Damages: \$3,000,000.00

Customer Complaint Information

Date Complaint Received: 05/03/2007
Complaint Pending? No
Status: Arbitration/Reparation
Status Date: 05/03/2007
Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 07-01316
Date Notice/Process Served: 05/03/2007
Arbitration Pending? No
Disposition: Settled
Disposition Date: 03/31/2008
Monetary Compensation Amount: \$16,200,000.00
Individual Contribution Amount: \$1,000,000.00

Broker Statement GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE



COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 19 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Options

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$1,750,000.00

Customer Complaint Information

Date Complaint Received: 04/26/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 04/26/2007

Settlement Amount:

Individual Contribution Amount:



Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD - 07-01382

Date Notice/Process Served: 04/26/2007

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): CMO'S

Alleged Damages: \$3,000,000.00



Customer Complaint Information

Date Complaint Received: 05/05/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 05/05/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 07-01382

Date Notice/Process Served: 05/05/2007

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED



ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 20 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$500,000.00

Customer Complaint Information

Date Complaint Received: 04/05/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 04/05/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 07-00876

Date Notice/Process Served: 04/05/2007

Arbitration Pending? No

Disposition: Settled



Disposition Date: 03/31/2008

Monetary Compensation Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Firm Statement THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): CMO'S

Alleged Damages: \$500,000.00

Customer Complaint Information

Date Complaint Received: 04/05/2007

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 04/05/2007

Settlement Amount:



**Individual Contribution
Amount:**

Arbitration Information

**Arbitration/Reparation Claim
filed with and Docket/Case
No.:** NASD 07-00876

Date Notice/Process Served: 04/05/2007

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/31/2008

**Monetary Compensation
Amount:** \$16,200,000.00

**Individual Contribution
Amount:** \$1,000,000.00

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 21 of 22

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint:

N/A

Allegations:

CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type:

Other

Other Product Type(s):

COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages:

\$415,000.00

Customer Complaint Information

Date Complaint Received:

11/24/2006

Complaint Pending?

No

Status:

Arbitration/Reparation

Status Date:

11/15/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.:

NASD 06-04287

Date Notice/Process Served:

11/24/2006

Arbitration Pending?

No

Disposition:

Other

Disposition Date:

03/31/2008

Monetary Compensation Amount:

\$0.00

Individual Contribution Amount:

\$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH



SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): CMO'S

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 11/27/2006

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 11/24/2006

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 06-04287



Date Notice/Process Served: 11/24/2006

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

Broker Statement

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

Disclosure 22 of 22

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR. GROSS, A DIRECTOR, AND SIMILARLY SITUATED ASSOCIATED PERSONS OF PENSON FINANCIAL SERVICES AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.



Product Type: Other

Other Product Type(s): COLLATERALIZED MORTGAGE OBLIGATIONS

Alleged Damages: \$3,000,000.00

Customer Complaint Information

Date Complaint Received: 11/20/2006

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 11/14/2007

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 06-04985

Date Notice/Process Served: 11/20/2006

Arbitration Pending? No

Disposition: Other

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement

THIS MATTER WAS MEDIATED WITH 39 OTHER ARBITRATIONS WITH SIMILAR FACTS BROUGHT AGAINST SAMCO FINANCIAL SERVICES AND PENSON FINANCIAL SERVICES, MR. GROSS, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSONS OF SAMCO AND PENSON. CERTAIN PARTIES INVOLVED REACHED A GROUP SETTLEMENT. THE TOTAL AMOUNT PAID TO SETTLE ALL 39 ARBITRATIONS WAS \$16,200,000. INSURERS AND SOME PARTIES (NOT INCLUDING PENSON) MADE CONTRIBUTIONS TOWARDS THE SETTLEMENT, WHICH WILL BE DIVIDED AMONG THE INDIVIDUAL CLAIMANTS IN THEIR COUNSEL'S SOLE DISCRETION.



Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: N/A

Allegations: CLAIMANTS BROUGHT VARIOUS CLAIMS AGAINST MR GROSS, A DIRECTOR, AND OTHER SIMILARLY SITUATED ASSOCIATED PERSON AT PENSON FINANCIAL AND SAMCO FINANCIAL SERVICES BASED ON ALLEGED KNOWLEDGE OF FRAUDULENT SALES PRACTICES INVOLVING COLLATERALIZED MORTGAGE OBLIGATIONS BY ONE OF THE REGISTERED REPRESENTATIVES OF SAMCO FINANCIAL SERVICES.

Product Type: Other

Other Product Type(s): CMO'S

Alleged Damages: \$1,000,000.00

Customer Complaint Information

Date Complaint Received: 11/20/2006

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 11/20/2006

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD 06-04985

Date Notice/Process Served: 11/20/2006

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/31/2008

Monetary Compensation Amount: \$16,200,000.00

Individual Contribution Amount: \$1,000,000.00

**Broker Statement**

GROSS HAS WORKED AS A BOND SALESMAN AND INVESTMENT BANKER SINCE 1969 AND, OVER FOUR DECADES, HAS NEVER RECEIVED A COMPLAINT AND HAS MAINTAINED AN UNBLEMISHED U-4 AND AN IMPECCABLE REPUTATION THROUGHOUT HIS CAREER. GROSS WAS NAMED IN THE IDENTIFIED MATTERS BECAUSE HE WAS, FOR A PERIOD OF TIME, A DIRECTOR OF A PARENT COMPANY THAT HAD D&O INSURANCE COVERAGE WHICH GAVE PLAINTIFFS' ATTORNEYS ACCESS TO A DEEP POCKET. THE ISSUES RAISED IN THE ARBITRATIONS INVOLVE A MORTGAGE-BACKED SECURITY SALESMAN THAT GROSS DID NOT INTERVIEW, HIRE, SUPERVISE OR MANAGE. GROSS HAD NO RESPONSIBILITY FOR, OR KNOWLEDGE OF, THIS INDIVIDUAL'S WORK. TO BUY PEACE, GROSS CONTRIBUTED ONLY \$1 MILLION, WHICH IS 6.20% OF THE TOTAL SETTLEMENT AMOUNT, INSTEAD OF LITIGATING APPROXIMATELY 9 ACTUAL ARBITRATIONS (NASD 06-04287, NASD 06-04985, NASD 07-00876, NASD 07-01316, NASD 07-01329, NASD 07-01382, NASD 07-01465, NASD 07-01538, AND FINRA 07-02194) AND 30 THREATENED ARBITRATIONS BROUGHT BY MORE THAN 83 DIFFERENT CLAIMANTS IN VARIOUS JURISDICTIONS. INSURERS AND PARTIES OTHER THAN PENSON PAID THE REMAINING SETTLEMENT PROCEEDS.

End of Report



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